

PREMIUM

🏠 > Technology Intelligence

Facebook to 'launch its own digital currency in 2020': Here's what it could mean for you



Facebook chief executive Mark Zuckerberg CREDIT: GETTY IMAGES EUROPE

Follow

By **James Cook**

24 MAY 2019 • 11:46AM

Facebook is edging closer to launching its own **cryptocurrency** (<https://www.telegraph.co.uk/technology/2018/09/16/money-laundering-hack-japanese-law-could-threaten-wipeout-worlds/>), known as GlobalCoin, in 2020 in what could be the most significant product released by the company in years.

The move would mean **Facebook's** (<https://www.telegraph.co.uk/technology/2019/05/13/should-suspicious-facebook-google-talk-privacy/>) 2.4 billion users could change foreign currencies into **digital coins** (<https://www.telegraph.co.uk/technology/2019/03/17/bitcoin-billionaires-tyler-cameron-winklevoss-see-no-limits/>), allowing them to make payments anywhere in the world, even if they don't have a bank account.

The social network has long been rumoured to be exploring a digital currency, after hiring former PayPal president David Marcus in 2014 to run its Messenger app.

"Payments is one of the areas where we have an opportunity to make it a lot easier," founder Mark Zuckerberg said at his company's developer conference in April.

"I believe it should be as easy to send money to someone as it is to send a photo."

Many believe Facebook is attempting to copy so-called "**superapp**" (<https://www.telegraph.co.uk/technology/2018/12/24/rise-super-apps-companies-using-take-world/>) WeChat in China, which integrates a variety of services to organise almost every aspect of a user's life.

WeChat's dominance among Chinese mobile applications has previously been described as "inspiring" by Marcus.

Mark Carney, the governor of the Bank of England, has already met with Facebook founder Mark Zuckerberg to discuss the launch, according to the **BBC**. (<https://www.bbc.co.uk/news/business-48383460>)

However, there remain some outstanding concerns for users, such as what consumer protection will be offered? And how data will be secured?

How will it help you?

Facebook wants to own an easy-to-use digital currency which can be transferred between people around the world, and can also be used to make payments.

This could eliminate payment processing fees, and Facebook is reportedly in talks with Visa and Mastercard about its plans.

If successful, the Facebook coin could not only allow users to make payments within Facebook-owned apps, such as Whatsapp and Instagram, but also in shops via "digital wallets".

Facebook has also debated paying its users in the currency for watching or interacting with adverts on Facebook.

Who is working on it?

Facebook has built up a team of payments and cryptocurrency experts to work on the project. **The company hired former PayPal president David Marcus in 2014** (<https://www.telegraph.co.uk/technology/2018/08/10/facebooks-cryptocurrency-head-leaves-coinbase-board-sign-blockchain/>) to run its messaging apps, including WhatsApp and Facebook Messenger. Marcus now runs Facebook's cryptocurrency projects.

The company has also hired experts in cryptocurrency. It hired compliance experts Mikheil Moucharrafi and Jeff Cartwright from cryptocurrency business Coinbase earlier this month.

The team developing the currency now has over 50 members, Bloomberg has reported.

When is it going to launch?

Testing could kick off at the end of the year ahead of a slated roll-out to about a dozen countries in the first three months of 2020.

Cryptocurrency investment calculator

How much would you have made or lost?

Enter an investment amount

£ 100



£
\$

in Bitcoin - BTC

on 2018-01-01

No currency data for date

Calculate

You would have made a loss of:

▼ **£37.54**

Which countries will it be released in?

It's expected that Facebook will eventually want to launch its cryptocurrency around the world. However, Bloomberg has reported that Facebook plans to launch the currency in India first to test it before a wider launch.

How is it different to Bitcoin?

Bitcoin is the world's most famous cryptocurrency, and is also [well-known for the wild price swings that it has experienced](https://www.telegraph.co.uk/technology/2019/04/02/april-fools-joke-may-behind-bitcoin-price-spike/) (<https://www.telegraph.co.uk/technology/2019/04/02/april-fools-joke-may-behind-bitcoin-price-spike/>).

Facebook's cryptocurrency is not going to work in the same way as Bitcoin, but will be based on the underlying blockchain technology which makes Bitcoin work.

It's been reported that Facebook plans to peg the value of its currency to traditional currencies such as the US dollar, Euros and Japanese yen to stop wild price swings.

Is Facebook going to start charging money to use it?

The introduction of Facebook's cryptocurrency doesn't mean that users will have to buy credits to continue using Facebook.

Facebook executives have previously hinted at ways they could make users pay subscriptions, though.

Sheryl Sandberg, the company's chief operating officer, said earlier this year that if Facebook users wanted to opt-out of having their information used for advertising, then they would likely have to pay for the privilege.

"We don't have an opt-out at the highest level. That would be a paid product," Sandberg said.

How long has Facebook been working on this?

Facebook, which also owns Instagram and WhatsApp, recently set out a vision to unify its collection of messaging services with a more privacy-driven approach to social networking.

It would not be the first time the social network has tried its hand at a digital currency, having run Facebook Credits until 2013, allowing people to buy in-app items through Facebook.

However, this new effort would go beyond the digital world, allowing users to buy goods and services in the real world, pegged against an established currency, such as the US dollar, the euro and the Japanese yen, for stability.

The all-new daily Technology Intelligence newsletter

Stay up to date with our experts. Straight from San Francisco.

Sign up

View sample

Why is Facebook doing this?

Facebook isn't launching an easy-to-transfer digital currency as an act of charity. The company could rake in millions of pounds in transaction fees if the cryptocurrency becomes widespread.

It's a potentially lucrative business for Facebook. In the US alone, people spent \$6 trillion on Mastercard and Visa credit, debit, and prepaid cards last year, according to data compiled by the Nilson Report.

And Facebook could also use payments to users that convince them to interact with adverts as a way to keep them in Facebook's app or website.

Has Facebook done anything like this before?

Facebook has dabbled in payments before. It launched a product named Facebook Credits in 2009 which was a digital currency that people could use to buy items in apps and games that ran on Facebook's platform. The company took a 30pc cut of all transactions made using Facebook Credits.

But the currency never took off, and Facebook scrapped Credits in 2012.

Facebook is also testing a digital payments system in India named WhatsApp Pay, which allows people to transfer money using the app. However, this project doesn't use cryptocurrencies.

When asked for comment, Facebook repeated previous statements, saying: "Like many other companies Facebook is exploring ways to leverage the power of blockchain technology.

"This new small team is exploring many different applications. We don't have anything further to share."

Contact us

[About us \(https://corporate.telegraph.co.uk/\)](https://corporate.telegraph.co.uk/)

Rewards

[Archive \(https://www.telegraph.co.uk/archive/\)](https://www.telegraph.co.uk/archive/)

[Reader Prints \(http://telegraph.newsprints.co.uk/\)](http://telegraph.newsprints.co.uk/)

Branded Content

Syndication

Guidelines

Privacy

Terms and Conditions

[Advertising terms \(http://spark.telegraph.co.uk/toolkit/advertising/terms-and-conditions/\)](http://spark.telegraph.co.uk/toolkit/advertising/terms-and-conditions/)

[Fantasy Sport \(https://fantasyfootball.telegraph.co.uk\)](https://fantasyfootball.telegraph.co.uk)

[Voucher Codes \(https://www.telegraph.co.uk/vouchercodes\)](https://www.telegraph.co.uk/vouchercodes)

Modern Slavery

© Telegraph Media Group Limited 2019

 Home

| My Feed

| Saved