Dollars, Euros, Yen…Libra? Facebook's New "Currency"…
Yet Another Regulatory Disruption

BITCOIN WALLET
Smart phone screen with bitcoin online currency payment.

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f the world's lotteries didn't have enough to handle in the customer transaction category, Facebook has added to the discussion. The social media giant, which already has an on-again off-again relationship with lotteries, announced earlier in 2019 that is has launched a crypto-currency called Libra.

The global social media enterprise announced its intention to create an open-source, blockchain-based currency that, if successful, has the potential to revolutionize how consumers buy, trade, and spend financial assets. But first it must overcome numerous concerns from financial regulators around the world, who have questions about how to define it and how to ensure its legitimacy.

As lotteries look to attract a younger demographic, it will be critical to follow the path of this new currency. As we are all aware, Facebook has led the social media charge for the past 15 years and is still the leader in this category, even as platforms such as Twitter, Instagram and Snapchat provide other options. And while Facebook's view of the lottery has certainly changed for the better over the past few years, the launch of Libra could provide another challenge for the industry.

HOW WILL LIBRA WORK?

Unlike Bitcoin and other crypto-currencies, Libra will be a "stablecoin," undergirded by established governmental securities and banking organizations. Libra will be governed by the Libra Association, a not-for-profit entity in Geneva, Switzerland. To date, the association consists of 28 members, including Visa, Mastercard, marketplaces eBay and Farfetch, technology companies Uber, Spotify and Lyft, and telecom providers Iliad and Vodafone Group. Facebook will join the group once the currency is launched and regarded as "spendable."

Libra will be operationalized through Facebook's digital wallet initiative, Calibra. A new programming language – Move – was introduced in parallel with Libra to enable developers to construct applications that will work with Libra and rapidly expand its eco-system of utility.

Some experts argue that Libra is not technically a crypto-currency, but rather a peer-to-peer payment platform similar to PayPal, Venmo, Square, and others. Libra is permissioned, another feature that distinguishes it from other cryptos (Bitcoin et. al are permission-less systems, which means they are open to anyone and the transaction ledger is distributed). Libra will allow its transaction ledger to be accessed only by a few trusted, securitized entities.

Libra is not aligned with a single currency; therefore, its value will depend on the moment-in-time value of its underlying assets.

As a result, it will be subject to some currency exchange-like fees, although these are expected to be minimal. In a recent interesting development, Whole Foods Markets, owned by Amazon, announced it will accept Bitcoin (whose value fluctuates through trading). Consumers may need to develop an understanding of global fiat values as they go about their shopping. Presumably, apps will assist with those types of calculations.

EASE OF USE AND CONSUMER DATA

Facebook says that its digital wallet will enable people across the world to spend online without needing to have a bank account. Calibra will allow users to send Libra to others with smartphones as easily as sending a text message. In its announcement, Facebook said: "In time we hope to offer additional services for people and businesses, like paying bills with the push of a button, buying a cup of coffee with the scan of a code, or riding your local public transit without needing to carry cash or a metro pass."

The thought of purchasing lottery products through a digital wallet seems like the thing of science fiction for lotteries, many of which are still battling to move from cash transactions to debit and credit cards. But consider that while the first mobile wallets were rolled out by Google in 2011, a Juniper Research study reports that globally almost 2.1 billion consumers will use a mobile wallet to make a payment

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