

TECH

Facebook, Zuckerberg Dig In for Long Haul on Cryptocurrency

Zuckerberg defends Facebook's libra in testimony before House Financial Services Committee



Mark Zuckerberg, chief executive officer and founder of Facebook, arrives for the House Financial Services Committee hearing.
PHOTO: ANDREW_HARRER/BLOOMBERG NEWS

By Peter Rudegeair and Ryan Tracy

Oct. 23, 2019 1:37 pm ET

Facebook Inc. [FB 1.84% ▲](#) CEO Mark Zuckerberg said the social-media giant would soldier on with plans to help create a cryptocurrency-based payments network, despite requests from some lawmakers to mothball the project until Congress had a chance to examine it further.

In testimony before the House Financial Services Committee on Wednesday, Mr. Zuckerberg defended Facebook's goal to offer financial services to more than a billion consumers around the world through libra, a digital coin designed to be used to buy things online and off and send money domestically and overseas, while acknowledging the risks to meeting that goal.

"I actually don't know if libra is going to work," Mr. Zuckerberg said. Still, he pledged to refrain from participating in libra's launch anywhere in the world unless U.S. regulators approved of it.

Since Facebook announced its vision for libra in June with a group of 27 other companies, U.S.

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Do you think Facebook should move forward with Libra over the opposition of lawmakers and regulators? Why or why not?

legislators and regulators have voiced concerns about its effect on financial stability and data privacy. European officials have tried to halt its launch.

That criticism continued Wednesday, with many Democrats and some Republicans blasting the project. Other GOP lawmakers praised Facebook for trying to innovate.

“As I have examined Facebook’s various problems, I have come to the conclusion that it would be beneficial for all if Facebook concentrates on addressing its many existing deficiencies and failures before proceeding any further on the libra project,” said Rep. Maxine Waters, the Democratic chairwoman of the committee.



‘It’s a risky project and there’s been a lot of scrutiny,’ Mr. Zuckerberg said during the hearing. PHOTO: ANDREW HARRER/BLOOMBERG NEWS

Rep. Patrick McHenry (R., N.C.), the committee’s top Republican, said he had his “own qualms about Facebook and libra and the shortcomings of Big Tech.” But, he added, “if history has taught us anything, it’s better to be on the side of American innovation.”

Mr. Zuckerberg also heard rebukes about Facebook’s credibility broadly, which underpin many Washington policy makers’ concerns about its move into financial services. The company has been harshly criticized for its handling of users’ personal data and its role in the spread of misinformation.

“Have you learned that you should not lie?” asked Rep. Nydia Velazquez (D., N.Y.), pointing to a fine Facebook paid European regulators, who accused the company of providing misleading information about its acquisition of messaging unit WhatsApp. Mr. Zuckerberg said he disagreed with her characterization, but added, “I understand that we have work to build trust on this.”

Ms. Velazquez asked Mr. Zuckerberg to wait until Congress created a new regulatory framework for libra before moving forward. He responded that Congress already has oversight of the regulators Facebook is working with and that he thought that was sufficient.

The group of companies that Facebook assembled to launch libra, the Libra Association, lost one-quarter of its original members, including Visa Inc., Mastercard Inc. and PayPal Holdings Inc. Those companies faced pressure from regulators and politicians to explain how libra could be prevented from being used to launder money or finance terrorism.

Rep. Ann Wagner (R., Mo.) asked Mr. Zuckerberg why those large U.S. financial firms had dropped out of the project. “It’s a risky project and there’s been a lot of scrutiny,” he replied.

“Yes,” Ms. Wagner said, “it’s a risky project.”

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