

# 10 functionalities that Facebook Libra should consider in the near future

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## Introduction

Facebook finally revealed plans for a cryptocurrency called Libra, a global, open access and secure digital currency. By creating its Coin, Facebook is entering a new digital era. Not only will it empower billions of people, but it will also bring people together in a new shared economy by conveying a feeling of being connected to a community. There is demand for an economy built around chat, and Facebook's team has a proven track record in developing products for the mass market. On the supply side, unique experiences will be created. On the demand side, users will increasingly consume these new products and services. In theory, Facebook's Libra is a hugely ambitious project about a global, bigger and faster financial blockchain.

However, we took a deeper look at it and noticed that Libra isn't as decentralized as it pretends to be. Additionally, while some people are already rising hands and describing Libra as a "private global international monetary Fund run by techbros", we do believe that Libra is a potential threat to the financial system and that more functionalities need to be considered in the near future.

We studied illustrations of digital coins already launched in social networks (Telegram, Kin and BitTorrent), marketplaces (Openbazaar and Particl) and Web Browsers (Brave and Steemit) to make a comparative analysis and determine 10 functionalities that Facebook should look at next.

## 1. Decentralized ecosystem

Facebook Coin must become a decentralized, secure, and peer-to-peer stable coin on the block, with emphasis on creating an ecosystem built around privacy and anonymity, along with ease-of-use and scalability. But while Libra plays at decentralization, it's still basically a Facebook project run on a permissioned blockchain, which means that only companies in the Libra Association are allowed to validate nodes.

**Even if Libra doesn't plan to stay permissioned forever, no blockchain has ever moved from permissioned to permissionless. There will be political barrier to that, not to mention the companies in the Libra association, which may want to hold onto their privileged position. This represents a serious limitation in terms of openness, unlike the Bitcoin blockchain, which is public and allows anyone to participate.**

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Plus, Facebook employees designed the blockchain and recruited the partners that will manage it. Libra wallets will be embedded in Facebook apps like Messenger and WhatsApp, which means Facebook products will be the primary way people experience it.

The Particl marketplace has a very interesting feature to analyze in matter of decentralization. For instance, they made sure that their transactions happen between the seller and the buyer, with no middlemen involved, creating a completely decentralized and trustless economy.

Another example is BitTorrent. The collaboration between BitTorrent and TRON makes the TRON blockchain protocol the world's largest decentralized ecosystem and BitTorrent protocol the largest decentralized application in the world.

Openbazaar also offers a decentralized marketplace. Searching Openbazaar is fairly intuitive and operates very much like a social media application mixed with Ebay. Most of the features that have been added to the platform have improved the application greatly since Openbazaar was first tested. Plus, users can also follow certain vendors and people can follow other's people store as well. Openbazaar has also notifications of new followers, but notifies users of orders status and details as well.

## 2. Frictionless on-boarding Process

The primary feature required to enable a digital community to use coins is a frictionless on-boarding process. In the case of Kin Wallet, Kik intended to integrate directly wallets for each Kik user account. The Brave Browser has also automatically installed its wallet into the system. This is what Facebook will have to do as well.

**Since Libra's mission is to enable a simple global currency, the onboarding process for users will not have to require prior expertise before interacting with Facebook Coin. Kik and Brave reduced onboarding frictions to the maximum, such as issues of transaction fees, private keys, alphanumeric, and including the common requirement to hold coins in the first place.**

## 3. User Privacy

Secure transfers of value within the Libra blockchain is of high importance and Facebook must offer streamlined experience for sending value to contacts and paying for purchases. When it comes to launch a global currency, one of the first things to look at is to build a payment platform and a payments channel network. This way, the platform can be used for instant value transfers between users, bots, and other services.

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Facebook's recent scandals over data privacy elevate the risk for potential data mismanagement. Facebook promised a full wallet refund in case of fraudulent transactions. However, there is no clarity on how the chargeback mechanism will work (transaction reversed, funds returned from the company's reserves, etc.)

In the case of Particl, safeguards built into the system ensure that these transfers are secure. Particl uses an innovative protocol called ring signatures or ring confidential transactions to secure the privacy of users on the blockchain. Plus, Particl also uses the new SegWit technology to improve the security and stability of its blockchain, while also greatly increasing network capacity and efficiency.

One of Brave's main goal is also to improve user privacy and as a result provide an enhanced browsing experience. The Brave Ledger system uses the ANONIZE algorithm to protect user privacy. The Brave Ledger has privacy and deterministic user anonymity by design along with full transparency while user privacy is maintained as well.

### 4. Data Storage

Particl has a very interesting feature to analyze in the matter.

Unlike conventional online marketplaces, user data are not being stored on any server, nor shared with any third parties. The transactions take place in a completely secure and decentralized manner, with privacy and anonymity being the two most important features of these transactions. Facebook Coin should also be used for storing data securely in a decentralized way (Data Storage).

### 5. Scalability

Mass-market usage of existing blockchains has been hindered by their volatility and lack of scalability. Facebook coin must leverage their 2,7 billion active users to reward content creation as Steemit does and the challenge for users is to emphasize the creation of an ecosystem built with ease-of-use.

**The on-chain transaction processing capacity of the Libra blockchain is expected to handle 1,000 transactions per second, a level quite low compared to existing solutions such as Zilliqa (2,800+ TPS), Visa (65,000+ TPS) or Steemit. In the case of Steemit, the platform is known for having a very large user base and is able to process 10,000 transactions per second without any significant effort devoted to optimization. If Libra really intends to serve billions of people worldwide, those figures will have to go up quickly.**

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### 6. Accessibility and Ease-of-Use

Facebook Coin must have high accessibility that promotes ease of use and access on different platforms – most importantly, the mobile platform.

Facebook will have to ensure that the Libra architecture is built on the Messenger App to allow Facebook users to store their funds securely in the Libra blockchain. This way, Facebook Coin will instantly become the world's most adopted wallet.

Regarding access to different platforms, BitTorrent is now working with TRON on their Project Atlas to make their system accessible starting with desktop, mobile, then third party clients.

### 7. Add-on Services

In addition to payments for all digital and physical assets sold by individual merchants within the Facebook ecosystem, Facebook Coin should also be used as a payment for services provided by apps built on the platform.

This way, Facebook can establish new long-term models that will provide developers and service providers the opportunity to innovate and create lasting products and services for the user base.

### 8. Interoperability

**Facebook coin will be the unit of account for all economic transactions within the Facebook Ecosystem, and it will serve as the basis of interoperability with other digital services. Therefore, units of Facebook Coin will have to be fungible and transferable.**

The social network Kik introduced an open source cryptographic token, named Kin, which is envisioned as a general-purpose cryptocurrency for use in everyday digital services such as chat, social media, and payments.

### 9. Economic incentives

Facebook could participate in the incentives/rewards model and perhaps periodically unlock and distribute a specific amount of Facebook Coin to be shared among digital service providers in its ecosystem.

The Kin Rewards Engine uses economic incentives to bring other digital services and applications into the decentralized Kin Ecosystem. Inspired by previous systems like Bitcoin's block rewards and Steemit's posting rewards, the Kin Rewards Engine creates natural incentives for digital service providers to adopt Kin and become partners in the ecosystem.

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This way, the network effect of the Kin Ecosystem grows, building the value of the currency, and in turn encouraging new partners to join this initiative.

### 10. Bots

Combined with verified IDs, Facebook could use bots to make sure that Messenger users will be able to buy and exchange coins in a frictionless and legally compliant way.

Also, it provides a unified entry point for users willing to connect with bots that offer exchange services, effectively creating a competitive market.

In the case of Telegram, more than 800,000 bots are regularly used by 52 million Telegram users. These bots can accept credit card payments from users in 200 countries via 8 providers connected to the Telegram Payments Platform.

To conclude Libra model is for now very similar to Paypal by bringing financial services to unbanked and underbanked. However, the Facebook Governance is disruptive so hopefully the autonomous foundation will vote to implement the 10 functionalities we have identified.

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