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Facebook aims to take on Bitcoin with new cryptocurrency

Social media giant Facebook Inc (NASDAQ:FB) is reportedly looking to challenge the dominance of Bitcoin with plans to launch its own cryptocurrency at the start of next year.

The new currency, referred to as GlobalCoin, is expected to begin testing by the end of this year and be launched in the first quarter of 2020.

READ: The release of the Oculus Quest could help Facebook recoup its US\$2.3bn investment in less than six years
However, it is not yet known how the currency will be stored or transferred, as well as whether its value will be pegged to an existing fiat currency such as the dollar.

Facebook's efforts have been accompanied by discussions between the company, its founder Mark Zuckerberg, and Bank of England governor Mark Carney as well as US Treasury officials to assess the risks of launching a new digital currency.

According to the Financial Times, Facebook has also been in talks with several crypto exchanges including Gemini, founded by twins Cameron and Tyler Winklevos, two of Zuckerberg's Harvard classmates who won a US\$65mln settlement after suing him for stealing their idea for a social network.

It is thought that Zuckerberg is aiming to integrate GlobalCoin into WhatsApp, the Facebook-owned instant messaging service, which would allow users to make payments to their contacts without having to leave the platform.

Facebook seems to be hoping to replicate the success of Chinese messaging app WeChat, which allows users to message each other while also offering a payment service to transfer money to contacts or for various services through their mobile phones.

The move is also speculated to be an attempt to move away from the social network's advertising-based revenue model following a series of scandals over Facebook's handling of user data, which has led to calls for tighter privacy controls and regulation over how platforms can sell info on their members.

Commenting on the news, analysts at ING said that Facebook's push to create a currency for its platform may find banks "disintermediated" from transactions, while business suppliers wanting access to the social network's user base could find themselves bound to the platform.

The Dutch bank added that central bank's would be watching the developments closely, as while previous launches of virtual currencies have had a negligible impact on monetary policy and financial stability, the scale of Facebook's platform and the potential amount of transactions being handled by what in effect would be a foreign currency may cause them to think again.

Price: US\$203.84

Market Cap: US\$581858.98M

1 Year Share Price Graph



Share Information

Code: FB

Listing: NASDAQ

52 week	High	Low
	\$218.62	\$123.02

Sector: Internet

Website: www.facebook.com

Company Synopsis:

When it comes to social networking, it's wise to put your best face forward. Facebook, the social networking juggernaut, lets users share information, post photos and videos, play games, and otherwise connect with one another through online profiles.

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Bitcoin, however, seemed mostly unphased by the news and was up 3.6% at US\$7,903 in mid-afternoon trading on Friday.

--Adds ING comment and updates Bitcoin prices--

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