

URL: <https://ecorner.stanford.edu/in-brief/the-vision-for-libra/>

Kevin Weil, Novi's VP of Product, describes how the advent of the internet revolutionized an expensive, complicated global communications infrastructure. He then explains how Libra, the global payment system that underlies Facebook's Novi platform, aims to make international money transfers as simple as a sending a text message. He adds that the Libra Association, which manages the Libra infrastructure, was designed to make sure that Libra remains decentralized, and can't be controlled by any one entity or organization.



Transcript

- Let me take you back to the '90s, which maybe not everybody was alive then, so go with me, but back in the '90s think about what you could do with phones.. You could send text messages, but they were super expensive, and basically only within your current provider.. So if you used Verizon and I used AT&T we couldn't send each other a text message.. We could call each other, and you could call someone around the world, but calling long-distance cost you five or \$10 a minute.. And it wasn't really changing very fast.. The barrier to entry to becoming a telco was and is really high.. So innovation happened slowly if it was happening at all.. And then the internet happens.. And with the internet suddenly you have a decentralized infrastructure for sending a byte of information from one place to another instantly and basically for free.. And that massively lowered the barrier to entry..

So anybody could build internet, and communications technology.. And suddenly you have things like AOL Instant Messenger, and this whole explosion of messaging apps.. And suddenly consumers expect to be able to chat with anyone anywhere in the world at any time.. And you have things like Skype.. So there are no longer any long-distance fees because people expect now to be able to talk with anybody anywhere in the world.. And now you fast forward to today, and we can all basically send live 360 degree video to anyone anywhere in the world instantly and for free.. And it comes from having this open decentralized infrastructure for sending information between any two places on Earth instantly and for free.. So now to Libra.. The question we asked ourselves was could we do for money what the internet did for information and communication? Could we build a decentralized infrastructure that would allow anyone to send a unit of value to anyone else in the world instantly, and basically for free? So that was the founding vision.. And if you look at some of those words, the properties of the system that you have to build kind of emerge..

So, for example, decentralized means that it shouldn't be run by any one entity.. So even though myself and a handful of others co-founded this as part of Facebook, it couldn't and shouldn't be run by Facebook exclusively.. So from the beginning, we planned to create the Libra Association, which is a nonprofit based in Geneva that's responsible for operating the Libra infrastructure itself.. Facebook is one of about 30 members with an equal voice to all the others, so we don't control it and that's hugely important, again, as the sort of analogy to the internet.. I work at Novi, which is a company inside Facebook that's building a digital wallet for Libra.. It will be integrated into WhatsApp and Messenger with the goal of making it as easy to send money as it is to send a text message, especially sending money across borders, but the cool thing is you don't need to use our product Novi to get value from Libra.. Lots of other companies, big and small, will be integrating Libra and every wallet is interoperable.. So what that means, and then I'll stop, is that different products built on Libra automatically work together so it's kind of like email.. You can use Gmail and I can use Yahoo, and we can send email to each other, right? It seems totally crazy for it to work any other way.. And nobody talks about sending cross-border emails..

You just send email.. And yet this is how financial services work today.. Every single one of them is a walled garden.. So whether you use Venmo, or Square, or PayPal, or Zelle, or anything else, none of them work together.. With Libra every product automatically works together, which is great for consumers, and is a core part of the vision...