

Meta shelves Novi but could use the tech for future metaverse plans

Article

The news: Meta will retire its digital wallet Novi in September, bringing to an end its cryptocurrency project, per its [website](#). The Big Tech firm advised users to withdraw their funds.

How we got here: Meta originally designed Novi to hold the Facebook-backed digital currency Diem (formerly known as Libra), but Meta [abandoned the project](#) after being

plagued by US regulatory scrutiny.

Meta then switched gears and planned to operate Novi as a peer-to-peer payments service backed by an external stablecoin. In October, it **kicked off** a pilot that let users send and receive money between the US and Guatemala for free using **Paxos's Pax Dollar (USDP)**, a stablecoin pegged to the US dollar.

What went wrong? Meta didn't provide a reason for the shutdown, but the company has started cutting back across lines of business as it braces for what CEO Mark Zuckerberg **expects** will be “one of the worst downturns that we've seen in recent history.”

Two other factors may also have influenced Meta's decision to shutter Novi:

- **Former Novi head David Marcus' departure.** Marcus left the company in December to start his own crypto venture. Marcus played a central role in developing Novi and the defunct Diem project. His departure may have kneecapped the unit's operations and forced Meta's hand.
- **The deepening crypto winter.** The crypto market has gone belly up as the US contends with rising interest rates and fears of a recession. Even crypto heavyweights like **Crypto.com** and **Coinbase** have laid off employees—sending reverberations throughout the wider digital currency sector. Market conditions may have made projects like the Novi wallet less desirable for Meta to pursue as a standalone service.

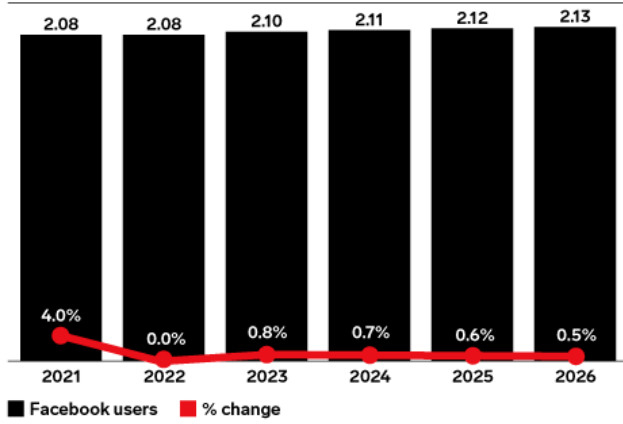
What's next? Meta **plans** to repurpose Novi's digital wallet technology for its push into the metaverse.

Meta is **working on** a “digital wallet for the metaverse” that will include a range of financial products. Cryptocurrencies are the most **probable** payment method in the metaverse, so Novi's tech could support a framework for metaverse payments that would mimic a crypto wallet.

Novi may also support Meta's push into nonfungible tokens (NFTs): The tech giant is **piloting** an NFT project for select Meta users in the US as part of its move into the much-hyped market.

Facebook Users Worldwide, 2021-2026

billions and % change



Note: internet users of any age who access their Facebook account via any device at least once per month

Source: eMarketer, April 2022

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