

GDPR: Is non-compliance profitable for Meta Platforms, Inc.?

Stoyan L. Kostadinov

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Abstract

Keywords

GDPR, Facebook, Meta, profit, non-compliance, privacy, financial impact

Introduction

In the recent years, the increasing usage of the Internet has lead to a rapid expansion of data collection and processing[1]. As concerns regarding data privacy and protection grew, the European Union (EU) implemented the General Data Protection Regulation (GDPR) in May 2018[2, 3].

GDPR aimed to safeguard the privacy rights of individuals within the EU by regulating the collection, storage, and transfer of personal data[3]. Notably, data should be collected for specified, explicit and legitimate purposes[4] and data can be transferred outside the EU if general data processing principles are in place [5]. Compliance with GDPR has become a critical issue for big-tech companies, which often handle massive amounts of user data.

One of those companies is *Meta Platforms, Inc.* (formerly *Facebook, Inc.*), which has been fined numerous times for GDPR violations[6]. This has raised questions about the impact of GDPR on *Meta's* performance.

The goal of this paper is to investigate the financial impact of GDPR non-compliance on *Meta Platforms, Inc.* and to determine whether it is profitable for the company to continue violating the regulations.

Method

All numerical data about *Meta Platforms, Inc.* has been gathered from the official *Meta Investor Relations* website[7] - **Balance Sheet, Income Statement** and **Form 10-Q**.

GDPR fines imposed on *Meta Platforms, Inc.* have been gathered from the *GDPR Enforcement Tracker* website[8] and filtered to include fines imposed on their family of applications (***Facebook, WhatsApp, Instagram***) and ***Meta Platforms, Inc.*** itself.

Inclusion criteria

- Articles published in English
- Articles published between 2018 and 2023
- Articles that discuss GDPR
- Articles that discuss Meta Platforms, Inc.
- Data between 2018 and 2023

Exclusion criteria

- Articles published in languages other than English
- Articles published before 2018
- Articles that do not discuss GDPR
- Articles that do not discuss Meta Platforms, Inc.
- Articles that discuss about ethics
- Data before 2018

Ethical considerations

This study is approved by Fontys University of Applied Sciences, Eindhoven, The Netherlands. All data is collected from publicly available sources and no personal data is collected. The author is not affiliated with Meta Platforms, Inc. or any other company mentioned in this study.

Results

Fines analysis

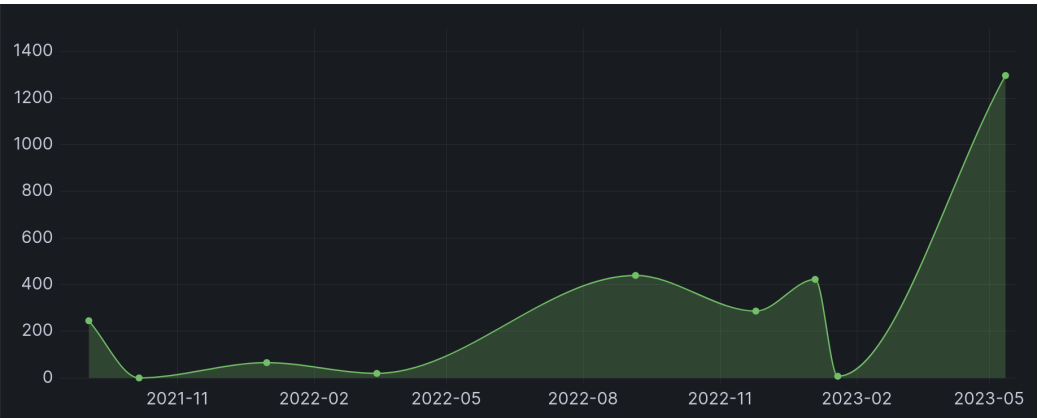


Figure 1: Monetarial amount of fines issued to Meta Platforms, Inc.(in millions of \$)

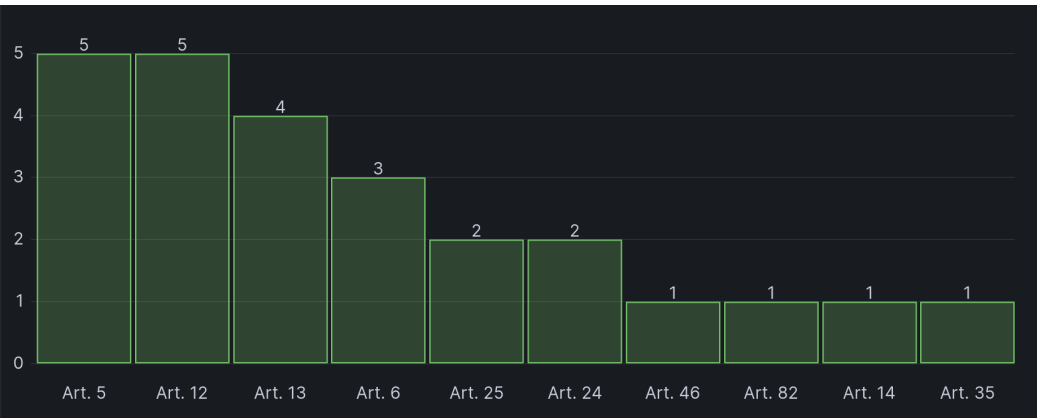


Figure 2: Number of violations by GDPR article

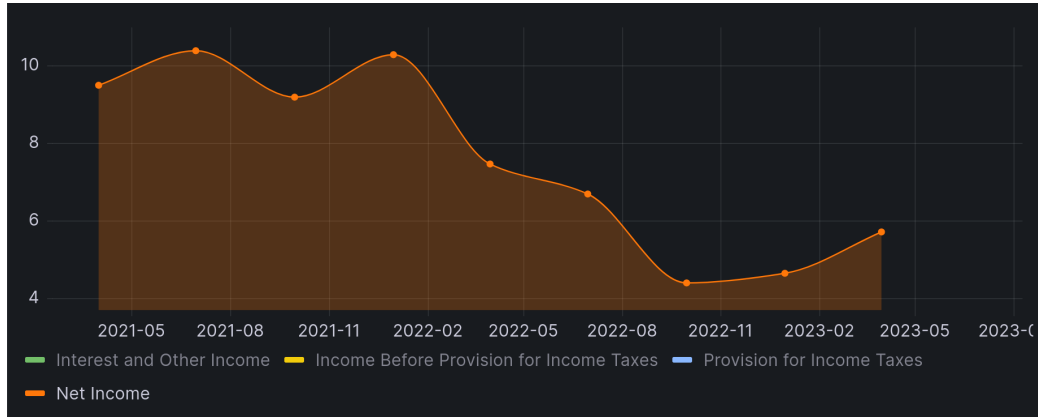


Figure 3: Net Income of Meta Platforms, Inc.(in billions of \$)

Legal expenses

Investor Confidence and Stock Performance

Advertiser Reactions

User Base and User Engagement

Reputational Damage

References

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