

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

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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 Sheets, Income Statements** and **Form 10-Q**. Stock performance data has been gathered from the official *Yahoo! Finance* website [8].

GDPR fines imposed on *Meta Platforms, Inc.* have been gathered from the *GDPR Enforcement Tracker* website [9] 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 after 2010
- Data about GDPR fines
- Data about *Meta Platforms, Inc.* financials
- Data between 2018 and 2023

### Exclusion criteria

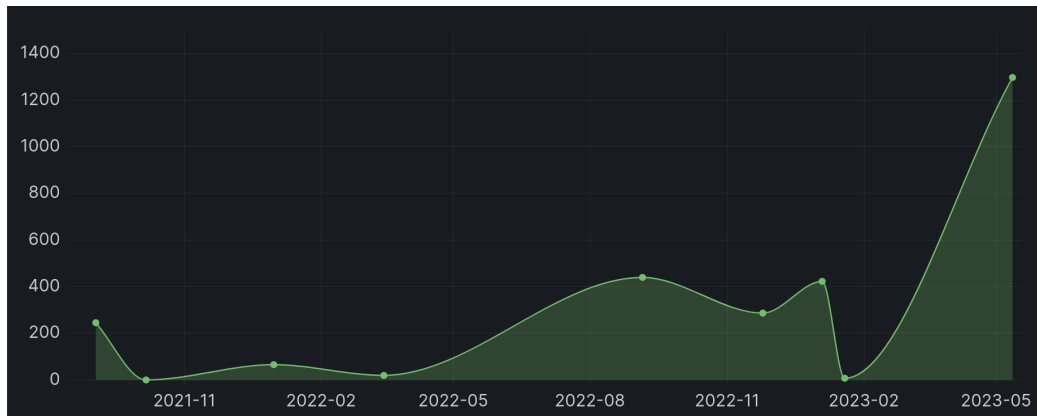
- Articles published in languages other than English
- Articles published before 2010
- Data that is not about GDPR fines
- Data that is not about *Meta Platforms, Inc.* financials
- Data before 2018

## 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.

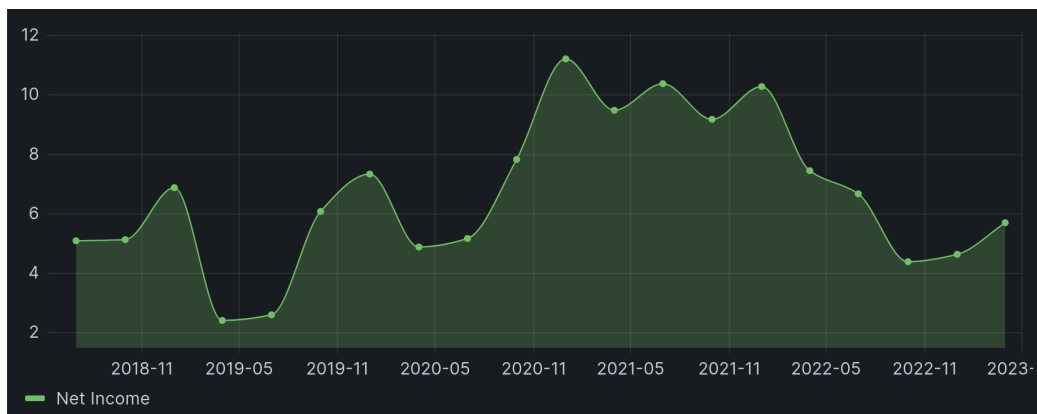
## Results

### GDPR Fines

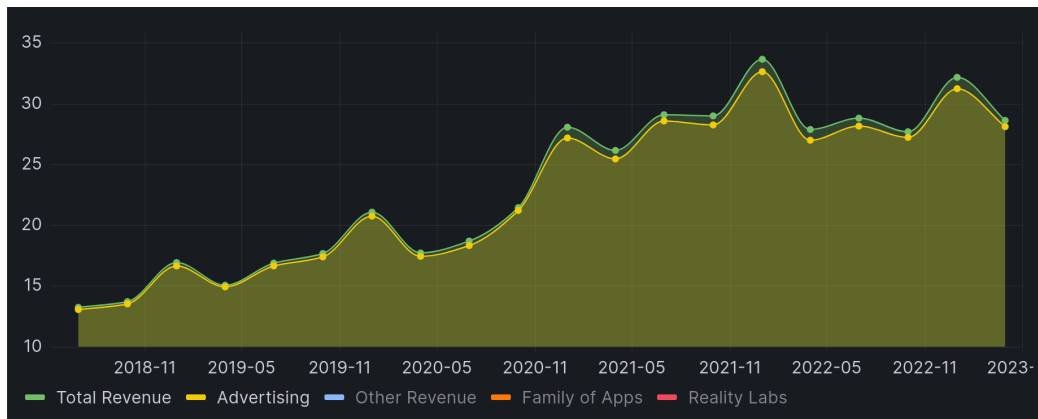


**Figure 1:** Monetarial amount of fines issued to Meta Platforms, Inc.(in millions of \$) [10–18]

### Financials



**Figure 2:** Net Income of Meta Platforms, Inc.(in billions of \$) [19–30]

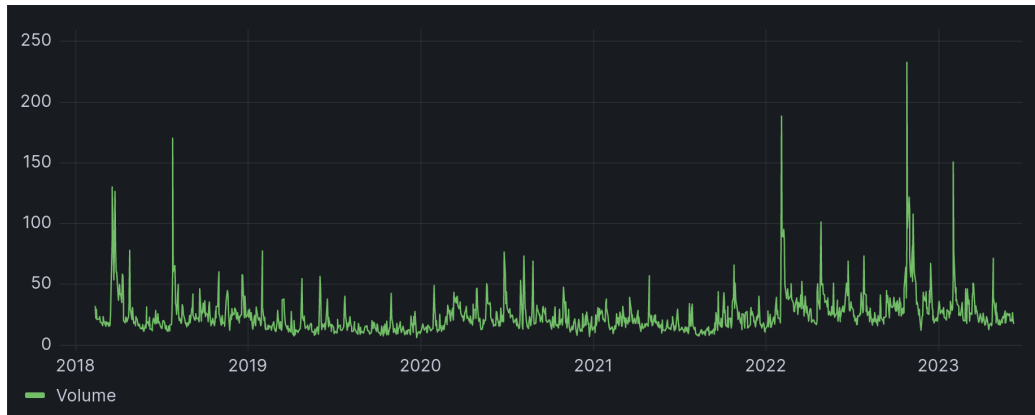


**Figure 3:** Revenue of Meta Platforms, Inc.(in billions of \$) [19–30]

## Investor Confidence and Stock Performance

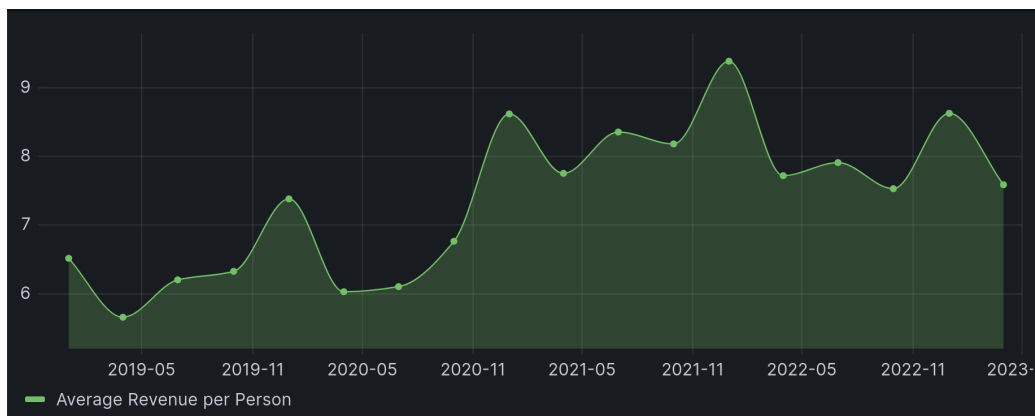


**Figure 4:** Stock Price Performance of Meta Platforms, Inc. (META) (in \$) [8]

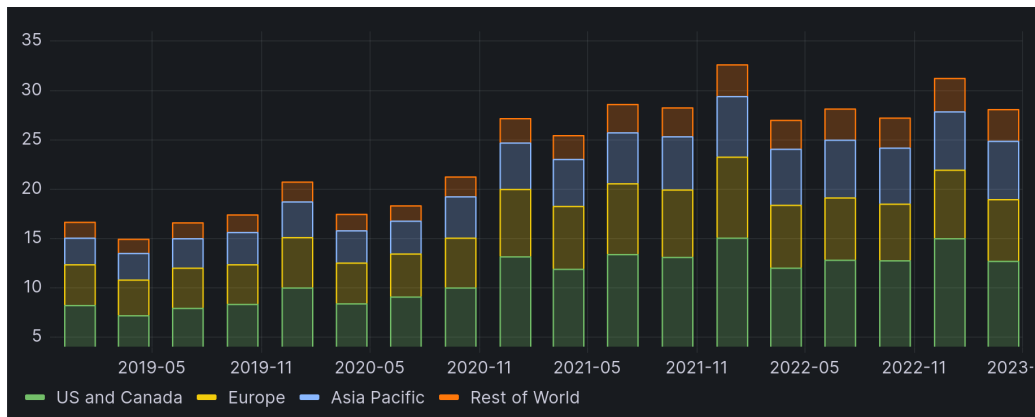


**Figure 5:** Volume of Meta Platforms, Inc. (META) (in millions of shares) [8]

## Advertising

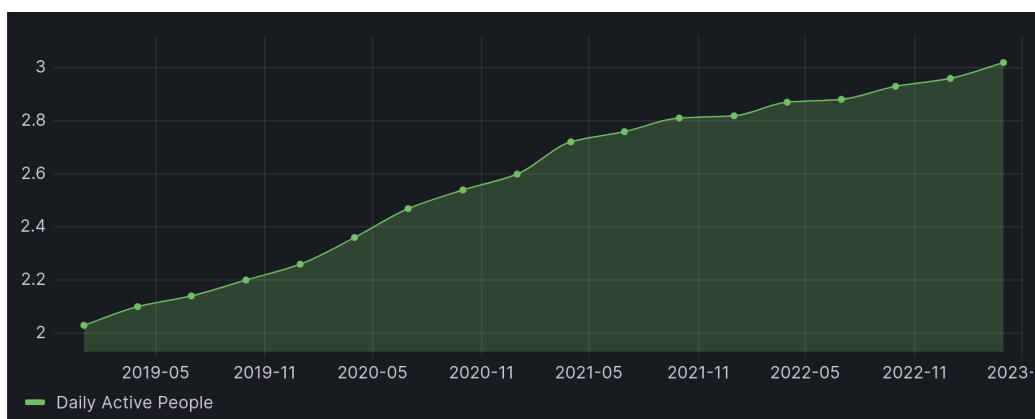


**Figure 6:** Family Revenue per Person (FRP) of Meta Platforms, Inc. [19,31,32]

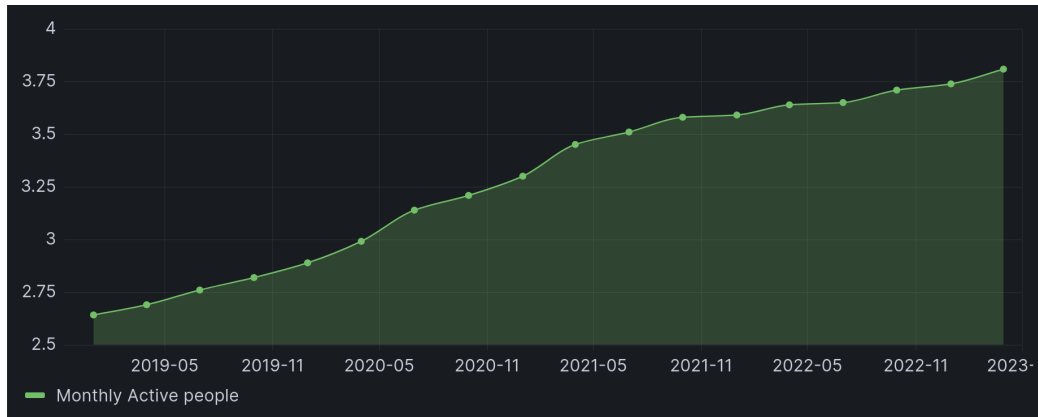


**Figure 7:** Advertising Revenue by User Geography of Meta Platforms, Inc.(in billions of \$) [19,31,32]

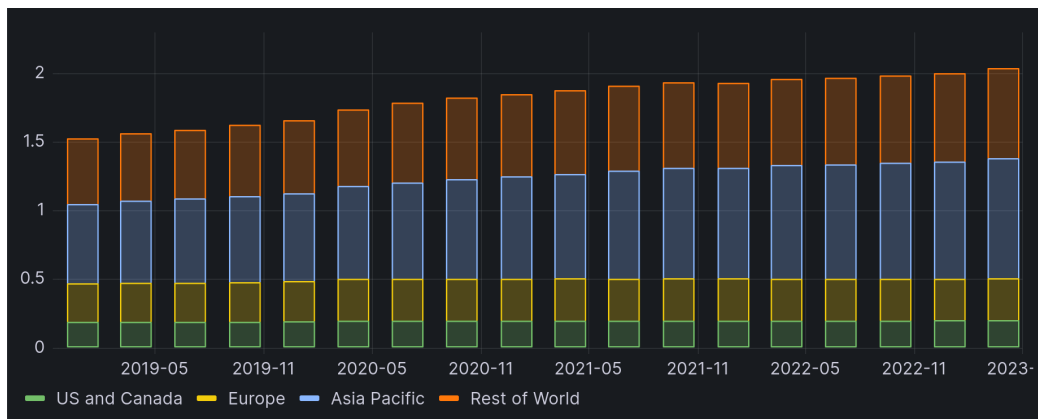
## User Base and User Engagement



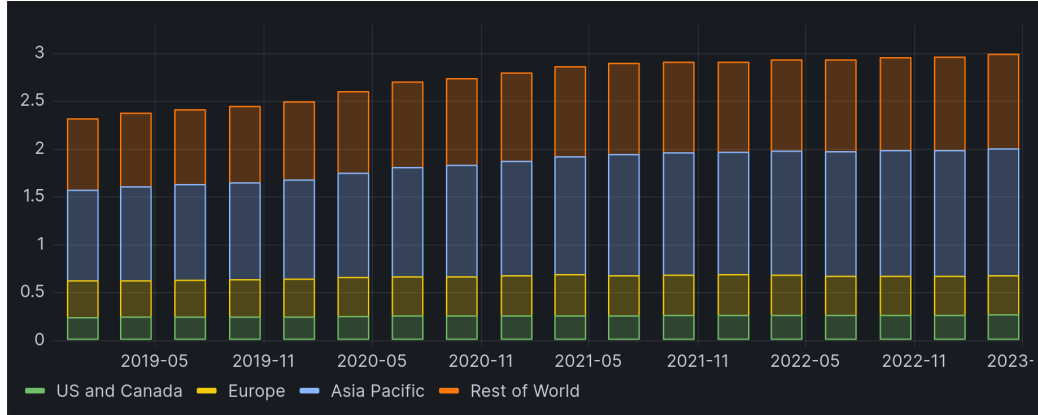
**Figure 8:** Family Daily Active People (FDAP) of Meta Platforms, Inc.(in billions) [19,31,32]



**Figure 9:** Family Monthly Active People (FMAP) of Meta Platforms, Inc.(in billions) [19,31,32]



**Figure 10:** Facebook Daily Active Users (FDAU) by Geographical Location of Meta Platforms, Inc.(in billions) [19,31,32]



**Figure 11:** Facebook Monthly Active Users (FMAU) by Geographical Location of Meta Platforms, Inc.(in billions) [19, 31, 32]

## Discussion

The limitations of this study are that it does not consider the legal expenses incurred by *Meta Platforms, Inc.* in relation to GDPR non-compliance. This includes expenses associated with hiring legal counsel, litigation, settlement agreements, and any ongoing legal obligations. It also does not consider the financial impact of reputational damage resulting from GDPR non-compliance. Moreover, it does not investigate whether negative media coverage, public backlash, or loss of user trust have affected *Meta Platforms'* brand value or customer perception. Further research could be done into those areas.

## Conclusion

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