

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

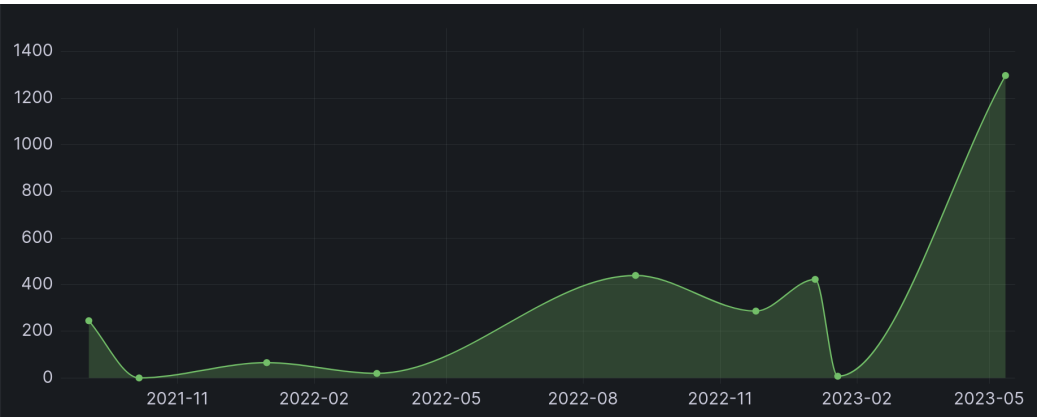


Figure 1: Monetarial amount of fines issued to Meta Platforms, Inc.(in millions of \$) [10–18]

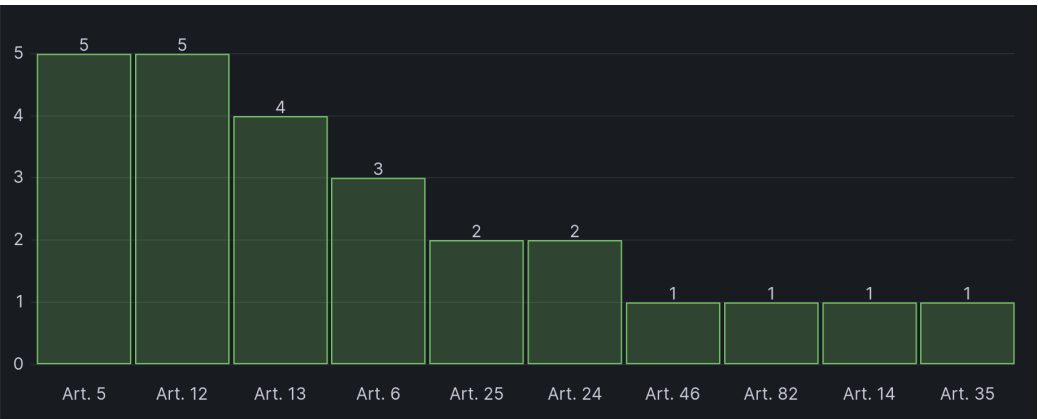


Figure 2: Number of violations by GDPR article [10–18]

Financials

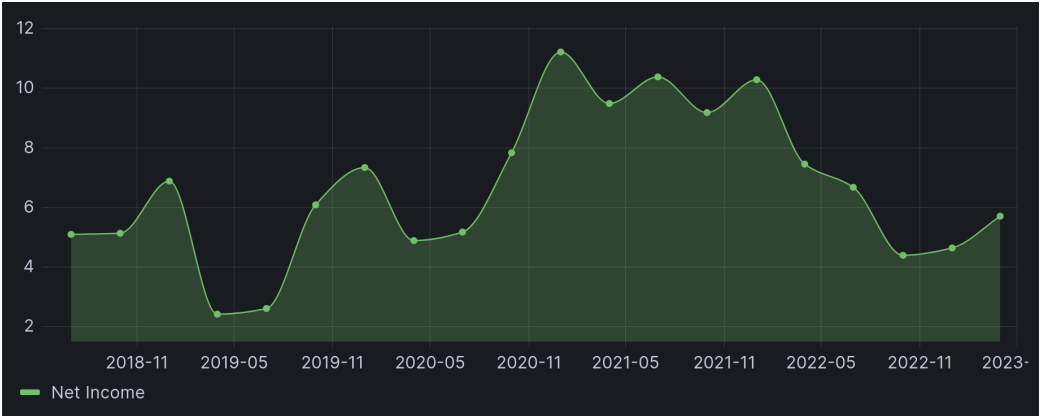


Figure 3: Net Income of Meta Platforms, Inc.(in billions of \$) [19-30]

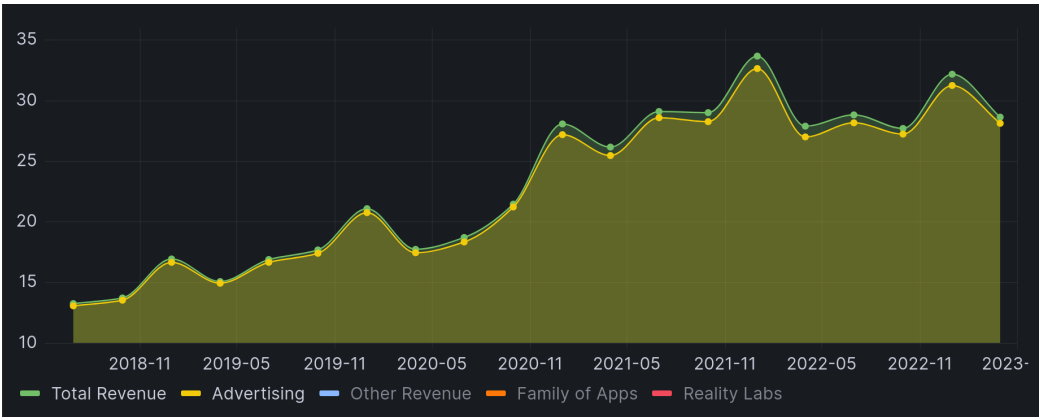


Figure 4: Revenue of Meta Platforms, Inc.(in billions of \$) [19-30]

Investor Confidence and Stock Performance



Figure 5: Stock Price Performance of Meta Platforms, Inc. (META) (in \$) [8]

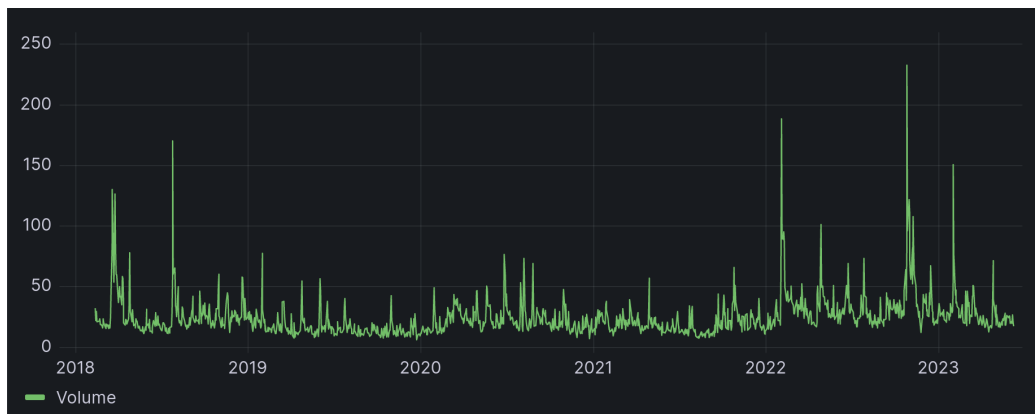


Figure 6: Volume of Meta Platforms, Inc. (META) (in millions of shares) [8]

Advertising

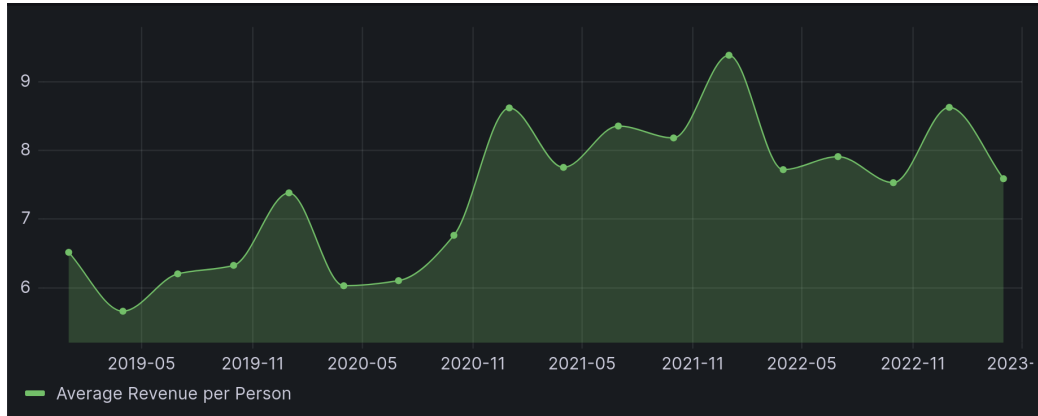


Figure 7: Family Revenue per Person (FRP) of Meta Platforms, Inc. [19,31,32]

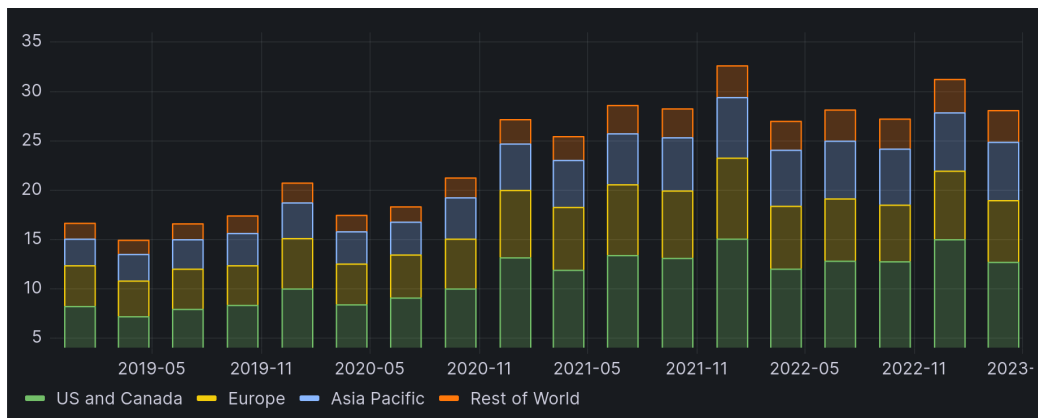


Figure 8: Advertising Revenue by User Geography of Meta Platforms, Inc.(in billions of \$) [19,31,32]

User Base and User Engagement

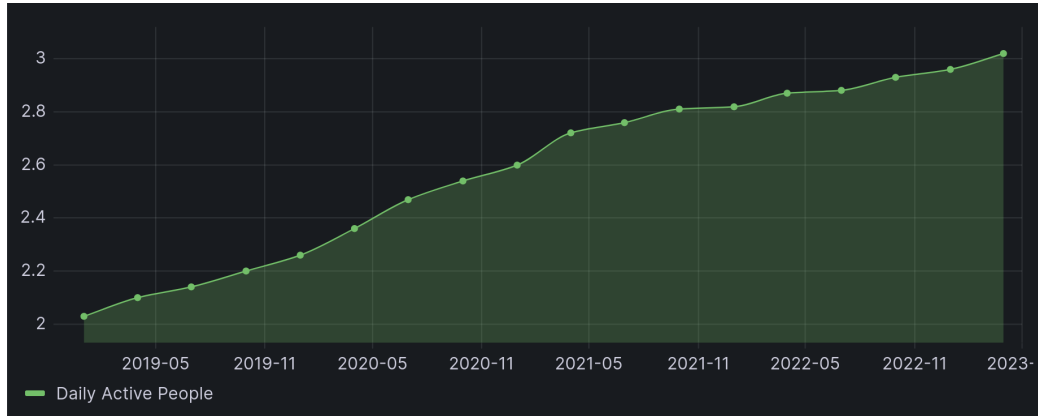


Figure 9: Family Daily Active People (FDAP) of Meta Platforms, Inc.(in billions) [19, 31, 32]

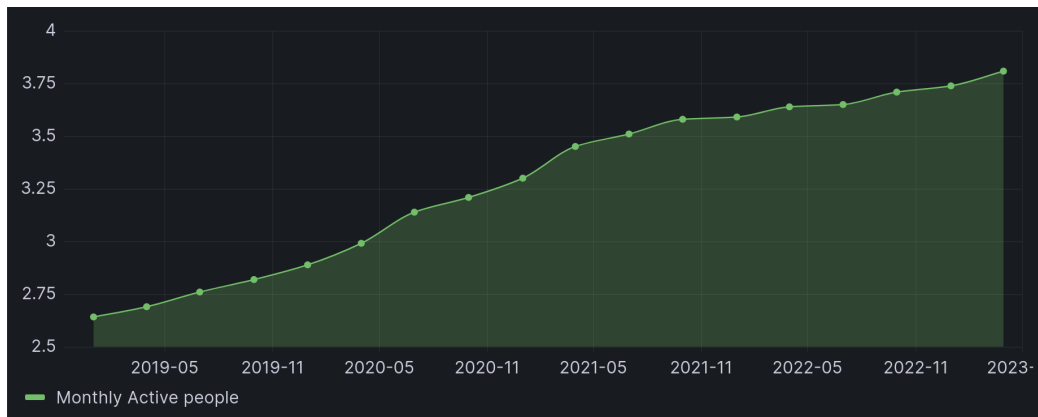


Figure 10: Family Monthly Active People (FMAP) of Meta Platforms, Inc.(in billions) [19, 31, 32]

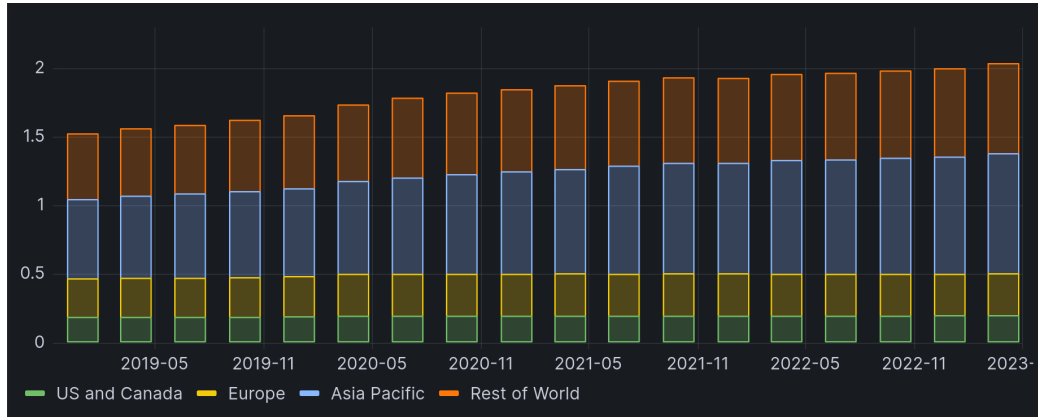


Figure 11: Facebook Daily Active Users (FDAU) by Geographical Location of Meta Platforms, Inc.(in billions) [19,31,32]

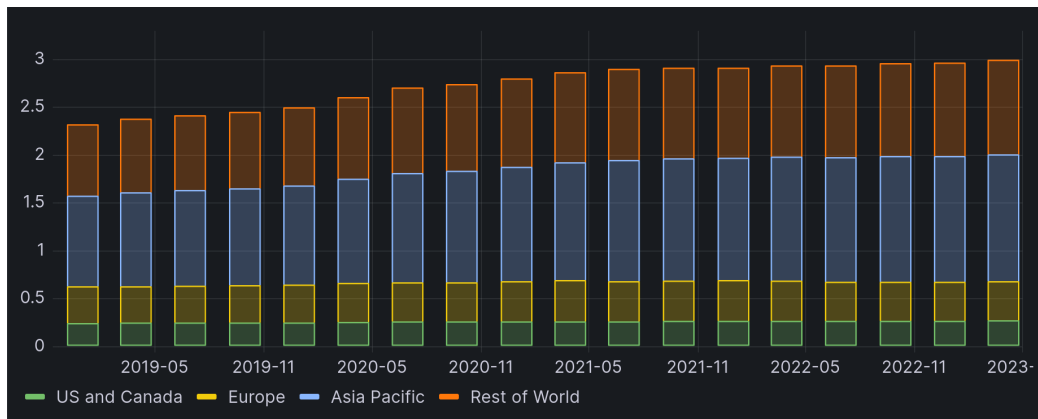


Figure 12: Facebook Monthly Active Users (FMAU) by Geographical Location of Meta Platforms, Inc.(in billions) [19,31,32]

Discussion

Conclusion

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