

# WhatsApp may need to compromise with Indian regulators to make its monetization efforts a reality

Article

India continued its regulatory sparring match with WhatsApp this week as the nation's antitrust body—the Competition Commission of India (CCI)—**ordered** an investigation into the Facebook-owned messaging service over its **forthcoming** privacy policy update. The CCI **specifically** brings into focus WhatsApp's absolutist, “take-it-or-leave-it” approach to privacy, which forces users to choose between sharing data with Facebook or not being on the platform at all. The order follows last week's **court filing** from the Indian government, which asked the Delhi High Court to block the update claiming it would violate local laws.

**The Indian government and Facebook have brawled for months over WhatsApp's policy update.** The first blows flew in January when India's IT ministry **wrote** a letter to WhatsApp saying the update posed “grave concerns” for Indian citizens, to which WhatsApp responded by **running** a media blitz defending the app. Meanwhile, WhatsApp's **failure** to properly articulate the effects of its privacy update spooked users—both in **India** and abroad—and prompted an **exodus** towards rivals Telegram and Signal.

**The privacy policy changes are essential to Facebook's strategy to monetize the popular messaging platform through payments services.** Broadly, the policy update allows users to **communicate** and interact with businesses on the app, ultimately **opening** up WhatsApp as a platform for **eCommerce** and peer-to-peer **payments**. Facebook eventually **wants** this communication to occur across its ecosystem of social platforms, which will **require** granting businesses some access to WhatsApp user data.

**India's user concerns and regulatory pushback risk derailing WhatsApp's monetization efforts in its largest market.** According to a 2020 eMarketer forecast, WhatsApp's user base in India—currently the largest of any country—is **expected** to increase from 390.1 million users in 2020 to 507 million by 2024. If Indian regulators block the update, WhatsApp stands to lose the significant revenue opportunity this user base could generate through its new payments and ecommerce services.

**To avoid this, Facebook may need to come to the table with Indian regulators to address some of their demands.** A compromise could look like releasing an India-specific version of the update that allows users to opt out of sharing data with Facebook, **like it has** in the past. This could resolve the CCI's issue with the platform's “take-it-or-leave-it” view on privacy while still giving some room for monetization in the app's biggest market. In this situation, Facebook may still experience a revenue hit from users who opt out of sharing their data, but this would likely be a far more attractive solution than dealing with a government-imposed outright ban on the update.



## WhatsApp Users, by Country

2020, millions

Argentina



Australia



Austria



Brazil



Canada



Finland



France



Germany



India



Indonesia



Italy



Mexico

**MEXICO**

**62.3**

**Netherlands**

**11.9**

**Russia**

**64.7**

**Spain**

**33.0**

**Sweden**

**2.2**

**Switzerland**

**5.5**

**UK**

**30.9**

**US**

**75.1**

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*Source: eMarketer, August 2020*

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