

Meta's grand plans for WhatsApp business payments in Brazil have stalled

Article

The news: Meta's plans to let users send money to businesses via WhatsApp in Brazil have reportedly run into problems, according to the Financial Times.

More on this: WhatsApp is planning a consumer-to-business (C2B) payment offering in the country—it's thought to be a road test as it aims to build its financial services offering.

- WhatsApp is reportedly still **waiting on approval from Brazil's central bank** and has struggled to partner with the local firms it needs to process electronic payments.
- According to insiders, the problems relate to **contractual disagreements** tied to proposed fees from WhatsApp that acquirers felt were too low and to concerns around onerous legal terms.

The bigger picture: Declining user numbers, tighter restrictions on user tracking, and the rise of other social media sites like **TikTok** threaten to destabilize Facebook's ad-driven business model. In response, it has increasingly looked to expand into financial services to build new revenue streams. But challenges have dogged its plans.

- Meta was forced to **abandon its hugely ambitious plans for a cryptocurrency**, dubbed Diem, after facing heavy regulatory scrutiny in the US.
- **Regulatory setbacks initially delayed the rollout** of WhatsApp's peer-to-peer (P2P) payment products in Brazil. Brazil's central bank blocked WhatsApp's P2P payments just days after its launch before eventually allowing it to restart.

What's next? WhatsApp must **partner with multiple local companies** before Brazil's central bank will approve its C2B payments, according to an insider cited by the Financial Times.

The central bank's reluctance to grant approval may stem from seeking to **protect its government-run payment systems**. **Pix** has proved hugely successful since its November 2020 launch, ending 2021 with 107.5 million registered users, per data from Brazil's central bank cited by S&P Global—that's more than half of the country's population.

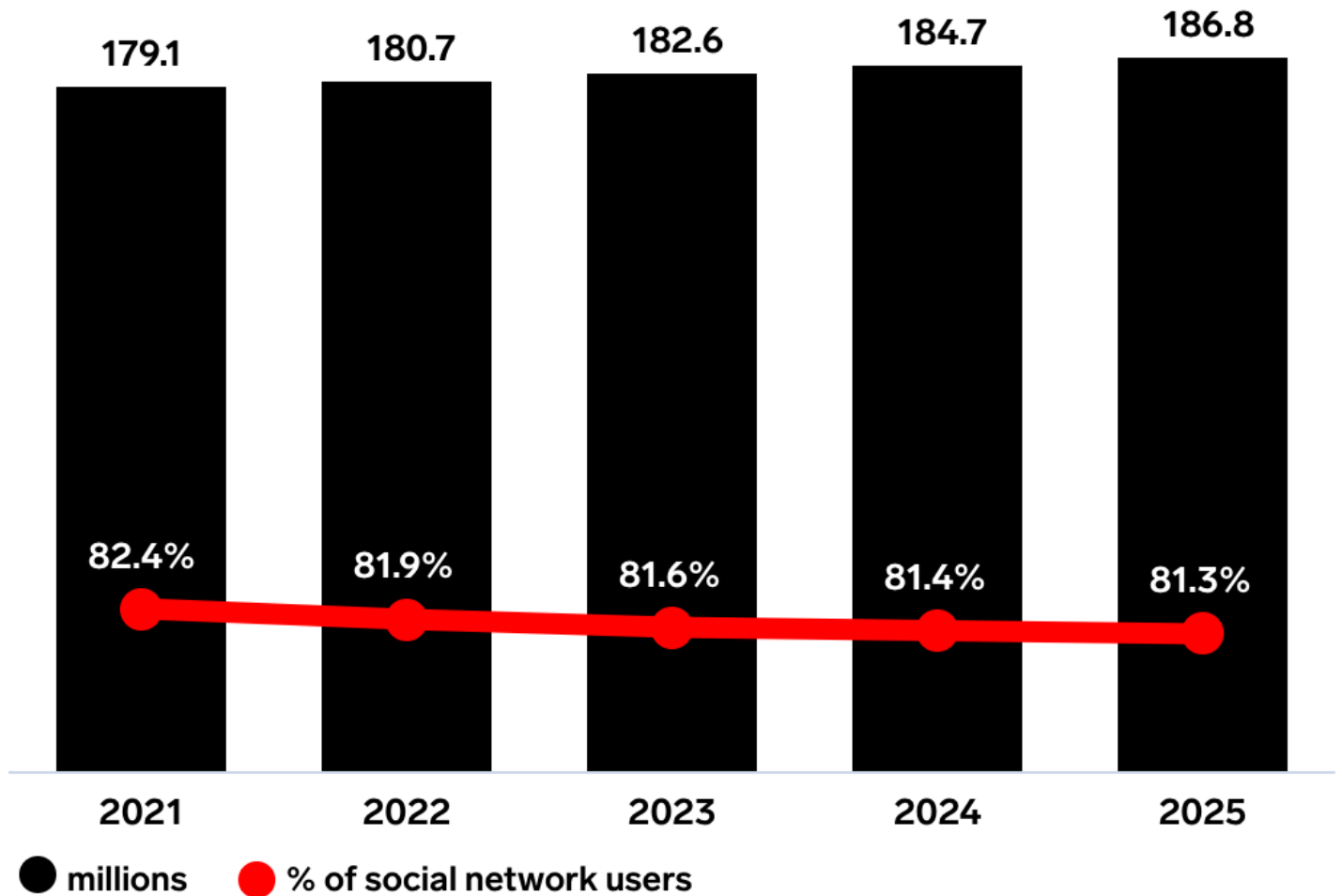
Earlier this week, the central bank reportedly confirmed that the country's central bank digital currency (CBDC) pilot will launch this year. This would give the central bank another government-run payment system that it may want to protect.

The big takeaway: Meta is persevering with building out its payments offering, but it still has some ways to go before its C2B payment system launches in Brazil. Its alleged problems with the regulator and with finding local partners are hurdles it will likely need to clear in other markets as well. Regulators may have concerns that Meta will dominate smaller merchants

and stifle competition in the country. Its checkered track record for launching payments will do little to assuage potential partners' worries.

Facebook Users

US, 2021-2025



Source: eMarketer, November 2021

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