

WhatsApp gains regulatory approval to relaunch payments service in Brazil

Article

The Facebook-owned messaging platform has the green light to launch its payments service in Brazil after gaining approval from the country's central bank, [per](#) Reuters. WhatsApp is only

allowed to operate its peer-to-peer (P2P) payments service; though Facebook is still seeking approval, it can't yet extend this service to merchants.

WhatsApp has hit roadblocks launching its payments service globally, with regulators citing antitrust concerns.

- **Brazil's central bank suspended WhatsApp's payments service shortly after its initial launch in June 2020.** Regulators said WhatsApp lacked the proper licenses to operate as a payments service and raised antitrust concerns. WhatsApp did gain interim approval to launch the payments service as long as it complied with related rules, but the central bank said that card networks needed permission to work with WhatsApp on payments. The relaunch was approved after Visa and Mastercard, which were previously processing payments through WhatsApp before the service was suspended, got that regulatory approval.
- **The messaging platform also faced hurdles in India before rolling out.** In March 2020, India's antitrust watchdog received a complaint alleging that WhatsApp—which at the time was operating a beta version of its payments service in India—was abusing its market position by bundling its digital payment service within its messaging platform. The complaint further alleged that WhatsApp's payments rollout would harm market competition. Upon investigation, the case was dismissed, and in November, the National Payments Corporation of India approved WhatsApp's scaled launch.

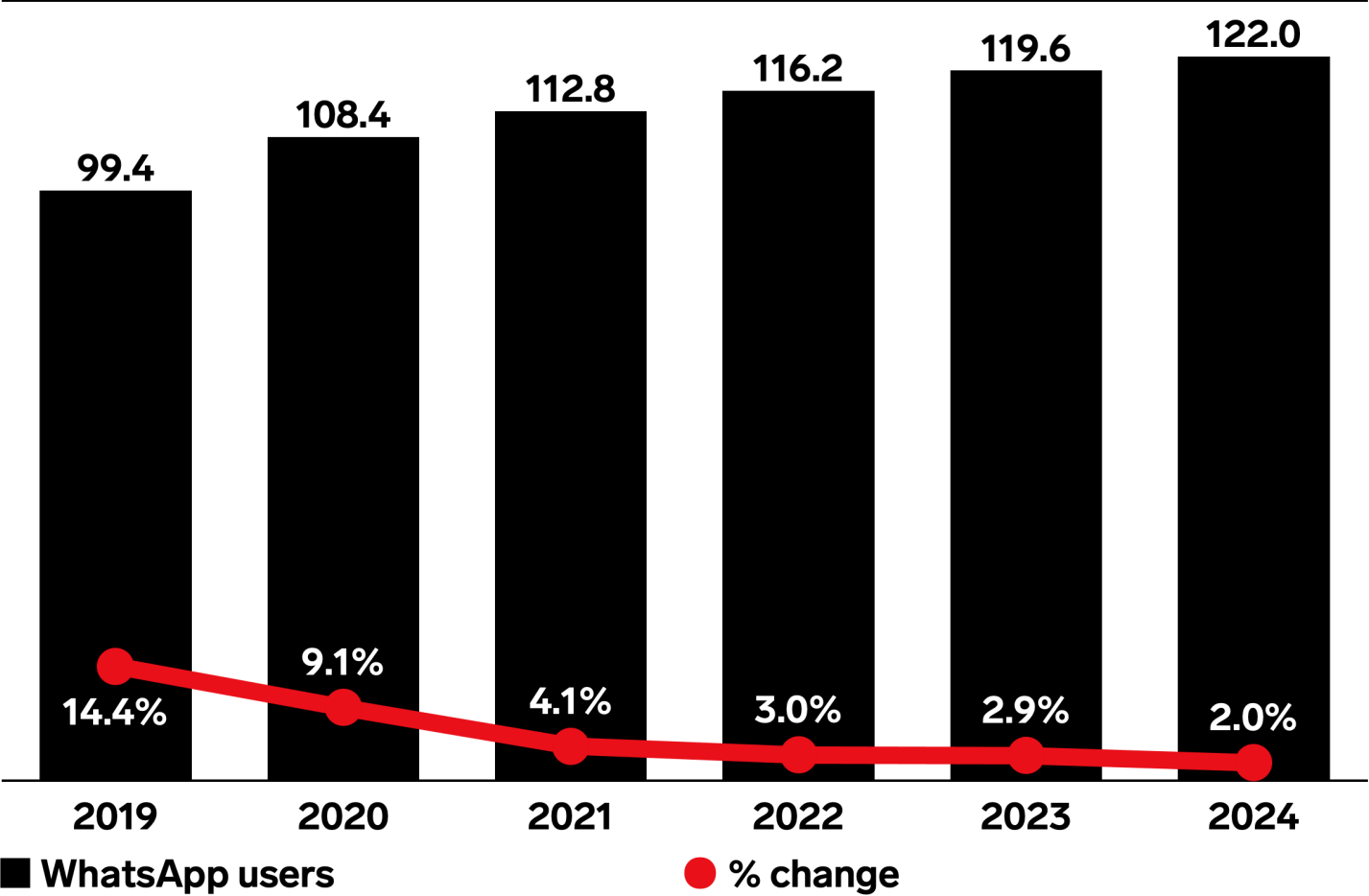
WhatsApp's green light in Brazil is an opportunity for Facebook to establish a dominant presence in the digital payments space—but it faces strong competition.

- **WhatsApp's payments service will likely be a success in Brazil.** Capturing nearly all of Brazil's smartphone users, WhatsApp is projected to have 112.8 million users in the country in 2021, according to eMarketer forecasts from Insider Intelligence—making Brazil the app's second-largest market. WhatsApp's existing penetration in Brazil could make its payments service a hit, especially because Brazilian consumers are increasingly adopting digital payments.
- **PIX could pose a challenge to WhatsApp's entry into stores.** It's unclear whether WhatsApp's payments service will be able to dive into in-store payments—part of Facebook's long-term strategy to enter the commerce space. PIX, the central bank's new instant payments system that lets consumers make in-store purchases, is building momentum throughout the country—the Brazilian government may look to preserve autonomy in its payments market, a sentiment echoed by other governments, and not let WhatsApp venture beyond P2P payments. But PIX could also partner with WhatsApp, which has expressed

interest in working with PIX, to route payments via its instant payments system, minimizing the competitive threat and opening a path to in-store acceptance.

WhatsApp Users and Penetration in Brazil, 2019-2024

millions and % change



Note: mobile phone users of any age who access their WhatsApp account via mobile phone app at least once per month

Source: eMarketer, August 2020

Methodology: Estimates are based on the analysis of survey and traffic data from research firms and regulatory agencies, the growth trajectory of major mobile messaging apps, historical trends, internet and mobile adoption trends, and country-specific demographic and socioeconomic factors.

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