

Global outage further undermines Facebook's fintech ambitions

Article

Our analysis: Facebook-owned platforms' global [outage](#) last week further hinders its plans to launch fintech services.

How we got here: The outage—which lasted more than six hours across Facebook, WhatsApp, and Instagram—left **3.5 billion** global users and businesses disconnected, costing the social network **[\\$164,000](#)** per minute in revenue.

- In its wake, some influencers and small businesses plan to [reduce](#) their reliance on Facebook's platforms to advertise and sell products. Some lost as much as over **\$5,000** in sales during the outage.
- The outage was badly timed for and may have a lasting impact on Facebook's plans to facilitate its users' access to financial services.
- These plans include its August 2020 launch of **F2**, a new division to oversee all its payments projects, like the stablecoin **Diem**. And this July, it made **Facebook Pay** [available](#) on third party platforms, starting with **Shopify**.

The impact: The latest global outage exacerbates two of Facebook's challenges: its tarnished reputation and regulatory pressures.

- **Reputation.** US households trust banks far more than Big Tech for handling their personal data, [per](#) a **Bank for International Settlements** survey from June. The [controversies](#) surrounding leaks and testimony from former product-manager-turned-whistleblower **Frances Haugen**, combined with the recent outage, will only widen this trust gap. This is particularly problematic for Facebook's fintech solutions—financial data is exceptionally sensitive.
- **Regulation.** The outage revealed that all Facebook products run on a single system. Regulators may find this particularly troublesome, since more than [200 million](#) businesses use Facebook platforms for their operations. This summer, the **US House antitrust subcommittee** introduced [five](#) bills aimed at curtailing big tech's dominance. The latest outage may encourage further regulatory restrictions to mitigate greater financial risk.

Bottom line: In recent years, it's become conventional wisdom to state that big tech platforms will fundamentally disrupt finance and market players. **Capgemini** found a growing share of consumers would be willing to access [insurance](#) and [wealth management](#) services from such platforms, for example.

But the Facebook outage underscores that, for the time being, it still lacks the infrastructure, regulatory oversight, and even sufficient know-how to fully take on banks and fintechs at their own game. This also may be the case for its peers, as seen with [Google](#) recently axing its **Plex** bank accounts.