How You Gave Facebook Access to Your Information—And What They’ve Done With It

Facebook Inc Chief Executive Mark Zuckerberg apologized on Wednesday for mistakes his company made in how it handled data belonging to 50 million of its users, and promised tougher steps to restrict developers’ access to such information.

The world’s largest social media network is facing growing government scrutiny in Europe and the United States. This follows allegations by a whistleblower that British political consultancy Cambridge Analytica improperly accessed users’ information to build profiles on American voters that were later used to help elect U.S. President Donald Trump in 2016.

“This was a major breach of trust. I’m really sorry this happened. We have a basic responsibility to protect people’s data,” Zuckerberg told CNN, breaking a public silence since the scandal erupted at the weekend.

Zuckerberg said in a post on Facebook the company “made mistakes, there’s more to do, and we need to step up and do it.” ()

He said the social network planned to conduct an investigation of thousands of apps that have used Facebook’s platform, restrict developer access to data, and give members a tool that lets them disable access to their Facebook data more easily.

His plans did not represent a big reduction of advertisers’ ability to use Facebook data, which is the company’s lifeblood.

European governments expressed dissatisfaction with Facebook’s response and said the scandal showed the need for strong regulation.

“It shouldn’t be for a company to decide what is the appropriate balance between privacy and innovation and use of data. Those rules should be set by society as a whole and so by parliament,” British minister for Digital, Culture, Media and Sport, Matt Hancock, told BBC Radio. “The big tech companies need to abide by the law and we’re strengthening the law.”

Germany’s justice minister Katarina Barley demanded that Facebook executives explain to her whether the site’s 30 million German users had been affected.

Zuckerberg said he was open to additional government regulation and happy to testify before the U.S. Congress if he was the right person.

“I’m not sure we shouldn’t be regulated,” he told CNN. “I actually think the question is more what is the right regulation rather than yes or no, should it be regulated? … People should know who is buying the ads that they see on Facebook.”

Zuckerberg said Facebook was committed to stopping interference in the U.S. midterm election in November and elections in India and Brazil.

INVESTOR FEARS

Analysts from several brokerages expressed relief that there were no signs in Zuckerberg’s status update on the row or in subsequent interviews of a more fundamental shift in the company’s advertising-driven revenue model.

Facebook shares, however, have fallen for two of the last three days, knocking nearly $46 billion off its market value, and some analysts said it was clear the company would have to carry extra costs to shore up its reputation in the months ahead.

Technology stocks have fallen along with Facebook this week as investors worried the row was likely to lead to much tighter scrutiny of global platforms like Google, Twitter and Snapchat.

“We expect more cautious FB investors to point to the potential for FB to spend more this year due to these increased will hold back earnings power,” Morgan Stanley’s Brian Nowak said in a morning note.

Stifel analyst Scott Devitt was the fourth major Wall Street name to cut his price target on Facebook, by $27 to $168, saying the uncertainty generated by the row demanded a higher discount.

“Facebook’s current plight reminds us of eBay in 2004 – an unstructured content business built on trust that lost that trust prior to implementing policies to add structure and process,” Devitt said.

“We would buy all of our Buy-rated stocks and many of our Hold-rated stocks before we would buy Facebook shares, given the information available to us,” Devitt added. He has a ‘Hold’ rating on Facebook.

AD DOLLARS

Amid the Facebook storm, U.S. President Donald Trump took to Twitter on Thursday morning to boast about his successful use of social media during his 2016 election campaign.

“Remember when they were saying, during the campaign, that Donald Trump is giving great speeches and drawing big crowds, but he is spending much less money and not using social media as well as Crooked Hillary’s large and highly sophisticated staff. Well, not saying that anymore!,” he tweeted.

Steve Bannon, who ran Trump’s 2016 campaign before falling out with the president last year, speaks at a Financial Times event on the “Future of News: Trust, Technology and Transformation in an Age of Upheaval” later on Thursday.

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Those plans did not represent a big reduction of advertisers’ ability to use Facebook data – the company’s lifeblood.

Open-source browser and app developer Mozilla said late on Wednesday it was suspending advertising on Facebook.

“We found that its current default settings leave access open to a lot of data – particularly with respect to settings for third party apps,” Mozilla said in a blog post. It would consider returning if Facebook strengthens its default privacy settings for third party apps.

The Times newspaper reported that British advertising group ISBA, which represents thousands of well-known brands, had threatened to withdraw ads if investigations show user data has been misused.

“We think this issue is more likely to snowball than recede and that advertisers are reaching a tipping point at which spending on not only Facebook and other online platforms, is re-evaluated,” brokerage Liberum said in a note. “The big beneficiary from any shift would be the TV Broadcasters.”

Zuckerberg told the New York Times in an interview published on Wednesday he had not seen a “meaningful number of people” deleting their accounts over the scandal.

Facebook representatives met U.S. congressional staff on Wednesday and planned to continue meetings on Capitol Hill on

Thursday. Facebook was unable to answer many questions, two aides who attended the briefing said.

Zuckerberg told the website Recode that fixes to protect users’ data would cost “many millions of dollars.” ()

The whistleblower who launched the scandal, Christopher Wylie, formerly of Cambridge Analytica, said on Twitter he had accepted invitations to testify before U.S. and UK lawmakers.

‘SCAPEGOAT’

On Tuesday, the board of Cambridge Analytica suspended its Chief Executive Alexander Nix, who was caught in a secret recording boasting that his company played a decisive role in Trump’s victory.

Psychologist Aleksandr Kogan, who provided the data, dismissed on Wednesday Cambridge Analytica’s assertions that the information was “incredibly accurate.”

Kogan, who gathered the data by running a survey app on Facebook, also said he was being made a scapegoat by the social media firm and Cambridge Analytica. Both companies have blamed Kogan for alleged data misuse.

About 300,000 Facebook users responded to Kogan’s quiz, but that gave the researcher access to those people’s Facebook friends as well, who had not agreed to share information, producing details on 50 million users.

Facebook has said it subsequently made changes that prevent people from sharing data about friends and maintains that no breach occurred because the original users gave permission. Critics say that it essentially was a breach because data of unsuspecting friends was taken.

Analysts say the incident may reduce user engagement with Facebook, lessening its clout with advertisers. Three Wall Street brokerages cut their price targets. {eoa}