



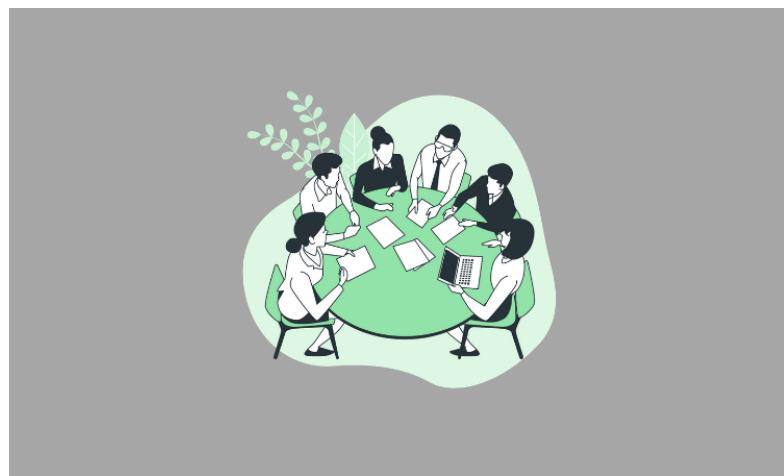
PAYMENTS

Cheat Sheet: Square's acquisition of Buy Now, Pay Later firm Afterpay

This is a \$29 billion all-stock deal.

The deal appears to be mutually beneficial for Square and Afterpay.

SHEHZIL ZAHID | AUGUST 20, 2021

[f](#) [t](#) [in](#) [e](#)


Square announced that it's buying buy now, pay later Afterpay. This is an important tie-up for both companies as they both benefit from each others' audiences and merchant bases.

Details

- On August 1, Square announced that it was buying Afterpay in an all-stock deal valued at \$29 billion.
- The deal is expected to close some time early next year.
- Once the deal closes, Afterpay's co-founders and co-CEOs Anthony Eisen and Nick Molnar will join Square. In doing so, they'll lead Afterpay's merchant and consumer businesses.
- Square also intends to place an Afterpay director on its board.

Square will integrate Afterpay into its Seller and Cash App units and Square merchants will have the option to offer installment payments at checkout. Similarly, Afterpay users can manage their installment payments directly in Cash App. Cash App users will also be able to find BNPL offers within the app.

Square

Cash App stands to benefit a lot from an integration with Afterpay, considering that the BNPL has a higher caliber of consumers. 31% of Afterpay users make \$100,000, compared to only 13% of Cash App users, according to a Cornerstone Advisors study. Square wants to increase its pool of higher-income consumers because they undoubtedly have more spending power, which Square needs to attract and retain new merchants to its platform.

Bringing Afterpay's 100,000 global merchants into its own ecosystem is another big incentive for Square.

SPONSORED

Afterpay

Since launching in the U.S. in 2018, Afterpay has penetrated just 2.5% of the U.S. market compared to 14% of Australia/New Zealand market, where it has 3.4 million customers. That's not to say Afterpay has done a bad job of expanding and growing in the U.S. — it has twice as many users in the U.S. as it does in its native region — just that American consumers have been slower to adopt BNPL services.

Integrating Afterpay into Cash App would expose the BNPL to millions of more customers and sellers, expanding Afterpay's presence in the U.S. market online and offline. Afterpay customers would also have access to Cash App's features including money transfer, stock and Bitcoin purchases, Cash Boost, and more.

What's the word?

Buy now, pay later has proven very popular with Gen Z and Millennials with one eMarketer report suggesting that the two generations accounted for 75% of all BNPL users in the U.S. Not only has the installment program won the hearts of the young, but it's also expected to grow tremendously in the next few years. By some estimates, BNPL services are expected to grow 181% by 2024 in North America.

Given the growth and interest in the space, companies are looking to get a piece of the BNPL pie. Last month, it was reported that Apply Pay was introducing a BNPL solution with Goldman Sachs called Apple Pay Later. Visa has also quietly been making moves to implement a BNPL feature under its own umbrella for its credit-card-issuing customers.

0 comments on "Cheat Sheet: Square's acquisition of Buy Now, Pay Later firm Afterpay"

Sort by Newest | Oldest

PAYMENTS

Through its partnership with Airbase, Amex dives deeper into SMB banking

The corporate spend space has seen a boom in funding recently.

The nascent popularity could give companies like Amex deeper inroads to SMB banking.

Rivka Abramson | February 25, 2022

MEMBER EXCLUSIVE, PAYMENTS

Payments Briefing: Can tap to mobile technology democratize payments?

This week, we explore how tap to mobile payments could help SMBs compete with larger businesses.

We also look at how PayPal's failed customer acquisition strategy led to the birth of 4.5 million fraudulent accounts on its platform.

Ismail Umar | February 25, 2022

PAYMENTS, PODCASTS

What's Happening in Payments Ep. 1: BNPL and credit scores, crypto payroll, Apple's Tap to Pay feature, 'Save Now, Pay Later'

Tearsheet's new bi-weekly payments podcast will give you a taste of the recent developments in the world of payments.

In the inaugural episode, we discuss BNPL, the crypto paycheck, Apple's Tap to Pay feature, and 'Save Now, Pay Later'.

Ismail Umar | February 24, 2022

PAYMENTS

Behind the new card partnership: Five questions with GM and Marcus by Goldman Sachs

This partnership represents Marcus' second big retail partnership after issuing the Apple Card in 2019.

At their first Appreciation Experience with NASCAR driver Austin Dillon, Tearsheet sat with GM and GS executives to get an update on the state of the collaboration.

Iulia Ciutina | February 23, 2022

MEMBER EXCLUSIVE, PAYMENTS

Payments Briefing: Behind Adyen's H2 2021 earnings

This week, we explore Adyen's H2 2021 earnings and how they relate to broader global payments trends.

We also look at Mastercard's collaboration with Highnote and Flowcast to build a credit card for SMBs.

Ismail Umar | February 17, 2022

MORE ARTICLES

About Tearsheet

Tearsheet is the only media company obsessively focused on technology's impact on the financial services and fintech industry. Read by decision makers across product, marketing, and digital, Tearsheet connects with its audience across web, email, podcasts, the Outlier membership program and in-person events.

Subscribe to our newsletter

Follow us

@tearsheet

Join the conversation by following us on LinkedIn and other social media.



© 2021 Tearsheet. All rights reserved.

[About Us](#) [Advertise with us](#) [Masthead](#) [Library](#) [Privacy Policy](#)