

# \$29B Afterpay deal gives Square neobanking growth opportunities in US, Australia

Article

The news: US-based Square [plans to acquire](#) buy now, pay later (BNPL) provider Afterpay in an all-stock deal worth about \$29 billion. The deal, which is slated to wrap up in Q1 2022, calls

for Australia-based Afterpay to be integrated into its **Seller** and **Cash App** operations.

**More on this:** Square believes the merger will produce several product-line synergies that it can deliver to its merchant and consumer segments, including:

- Deploying Afterpay's BNPL feature to Square's merchants, which they can offer as another payment option to their own customers at checkout.
- Enabling Afterpay's users to oversee their installment payments in Cash App.
- Helping Cash App users discover merchants and BNPL offers within the app itself.

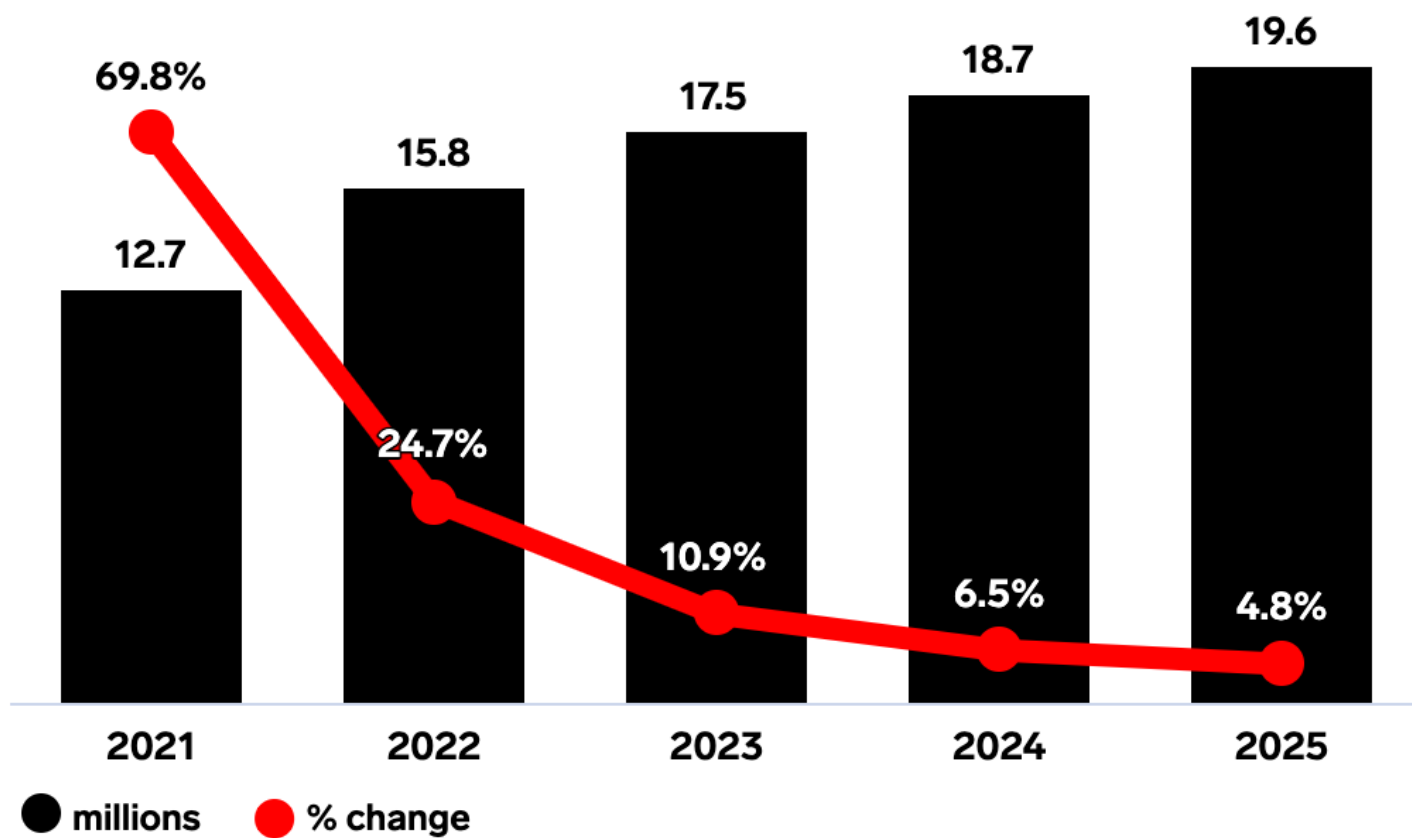
The deal gives Square a user base of **over 16.2 million** customers worldwide, plus **almost 100,000** merchants. Square will get Afterpay's BNPL offering in the fintech's **eight markets:** Australia, New Zealand, the US, Canada, the UK, Spain, Italy, and France.

**The opportunity:** The combination gives Square neobanking growth opportunities in two countries:

- **The US:** Last month, Square jumped into neobanking on the small- to medium-sized businesses (SMB) side when it **rolled out** checking and savings accounts as part of its new banking suite. After it gains banking experience, Square could take Afterpay's BNPL platform, couple it with Cash App, and roll both into a consumer-focused neobanking arm. The regulatory process for offering such a product wouldn't be complicated, as Square **has** a banking license.
- **Australia:** Afterpay had already planned a dive into consumer neobanking with a savings app called **Money by Afterpay**. Square could promote the new app to BNPL customers and lay the groundwork for pairing it with Cash App. Square may also expand its SMB neobanking business into Australia, where it could promote the suite to its **existing** local merchant users. It could fill the gap created in Australia's consumer-side neobanking landscape when **86 400** and **Xinja exited** and **Volt** opted to **focus** on the banking as a service (BaaS) space. On the SMB side, Square could pose a threat to **Judo**, which **closed** on a new funding round in June.

## Afterpay Users

US, 2021-2025



Source: eMarketer, May 2021

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