

Square and American Express credit card taps small-business segment

Article

The news: American Express and Block's Square will launch a small-business credit card for US sellers, per a press release. The Celtic Bank-issued card will be powered by i2c and will operate on the Amex network.

Why it matters: The Square credit card addresses two major small-business payment trends.

- **Small businesses are gravitating toward fintechs for their payment needs.** [Eighty-nine percent of small businesses](#) felt underserved by their primary bank and had considered switching to a more accommodating payment fintech, according to a Capgemini survey. As a prominent fintech in the payments space, this works in Square's favor.
- **They also want integrated payment solutions.** Forty-three percent of digital small-business decision-makers said [managing payment operations and relationships](#) takes up too many resources, per Paysafe. Square may be an ideal credit card provider for small businesses trying to limit how many third-party businesses they work with. It already offers a bevy of commerce, payment, and management tools that small businesses can use alongside its credit card.

What's at stake: The card is a big opportunity for both Amex and Square to court small businesses, which [make up 99.9% of all US firms](#), according to the Small Business Administration.

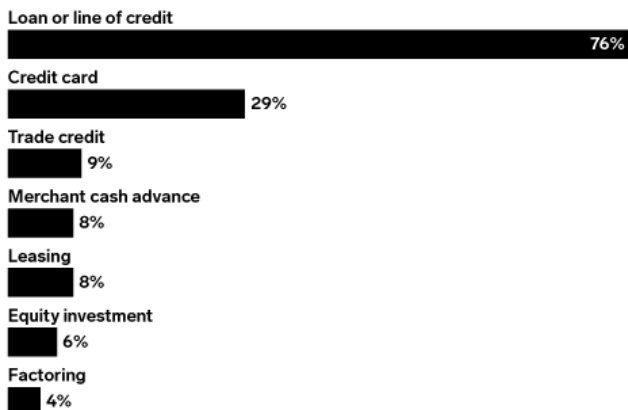
The card can round out Square's small-business payment tools. The tie-up with Amex is Square's first major push into the small-business credit card space. It can help bolster Square's seller revenues by tapping small-business demand for credit: Credit cards were the [second-most sought-after financing and credit product](#) by US small businesses last year, per Federal Reserve data—and current economic challenges may heighten demand for financing solutions. Moving into the sector also helps Square keep up with **PayPal**, which already offers [credit card products for merchants](#).

It also complements Amex's small-business tools. The firm has been trying to better serve small businesses, which accounted for 27% of its total network volume in [Q3](#). It rolled out [small-business checking accounts](#) last year and a [cross-border payments solution](#) over the summer. More recently, it partnered with **TikTok** on a campaign to help small businesses [reach Gen Z customers](#). These moves reflect Amex's desire to capture more small-business volume and diversify its revenues.

Read on: Check out our [Small-Business Payment Disruptors](#) report to learn about strategies payment providers can use to better serve small businesses.

Financing and Credit Products Sought by US Small Businesses, Nov 2021

% of respondents



Note: n=3,674; small businesses have less than 500 employees; excludes emergency funding applications

Source: Federal Reserve Banks, "Small Business Credit Survey 2022 Report on Employer Firms" in collaboration with the NORC at the University of Chicago, Feb 2, 2022

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