

Square tests the waters in Spain, where digital payments are gaining traction

Article

The news: Square is moving into Spain with an early access program that lets merchants test its in-store and online solutions, per a press release.

Why it's worth watching: Square emphasized global expansion in its [Q2 shareholder letter](#), pointing out that its international markets achieved strong seller gross payments volume, which **amounted to \$48.2 billion** in the period.

- In April, the company ran an early access pilot in Ireland before a [full rollout](#) in May. And in July, Square made its tools [available](#) for merchants in France through the same program.
- Square also moved further into Canada with the launch of its instant transfers service, and it [brought](#) Square Loans to Australia in Q2.

But Square isn't the only payment provider going on an international expansion spree: **PayPal** [expanded](#) its in-store payment solutions—specifically its QR code offering—to Germany through a partnership with **Euronet** and expects to roll out the solution to more EU markets. These moves bring the two rivals head-to-head as they both seek out growth opportunities on the international front.

Square's opportunities: Evolving payment habits and retail sales growth in Spain offer substantial revenue potential for Square.

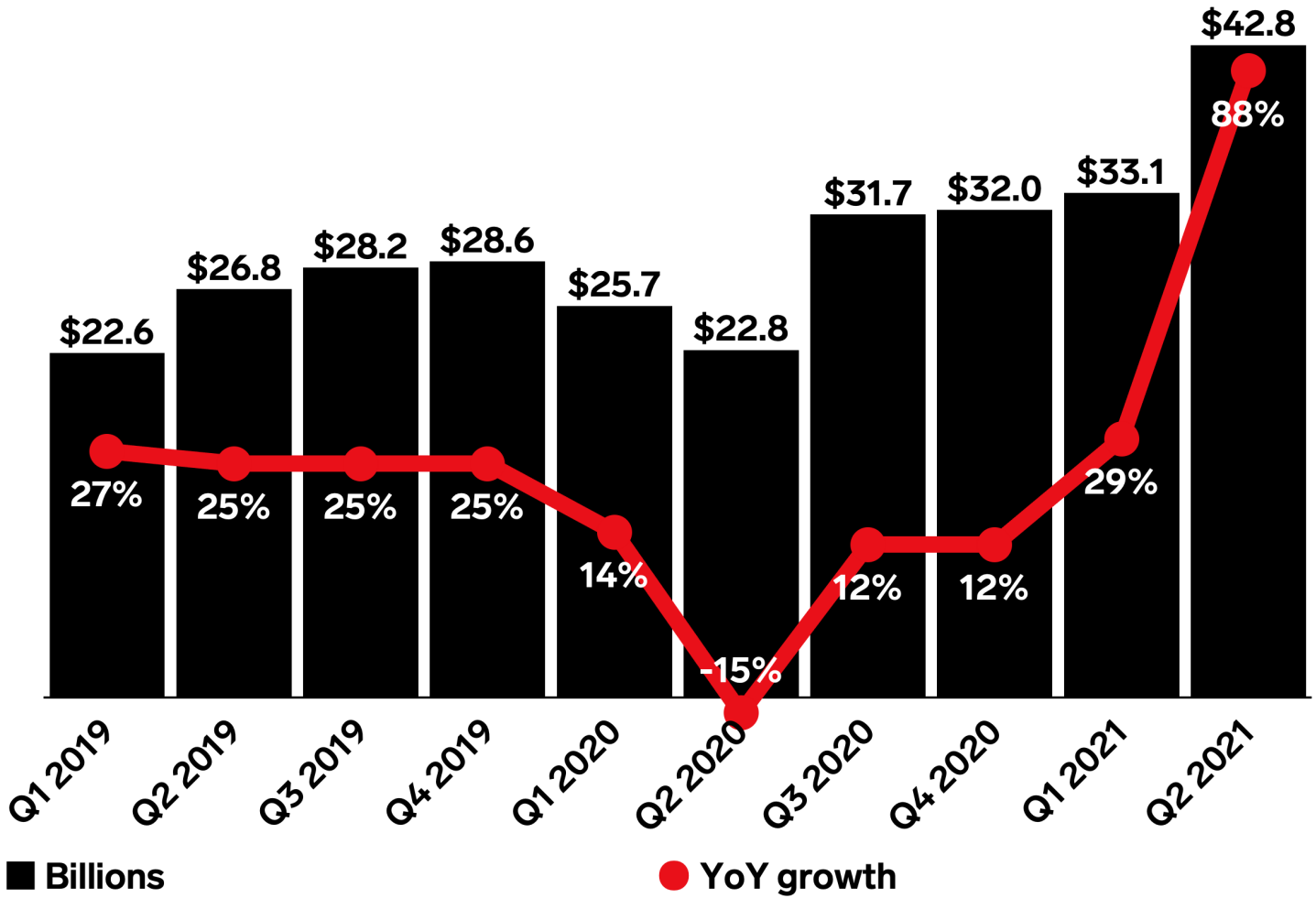
- Last year, **cash use declined 18% year over year (YoY) in Spain**, though it still made up the largest share of point-of-sale (POS) transactions, [per](#) The Global Payments Report by Worldpay (owned by FIS). But digital payments are gaining steam: **The number of proximity mobile payment users is expected to rise 8.9% YoY in Spain and hit 7.4 million**, per [our](#) forecasts. These trends might push merchants to adopt Square, fueling higher volume and revenue growth.
- Spain's retail and ecommerce market also makes it an attractive destination for Square to capitalize on high consumer spending: **Retail sales in Spain are expected to increase 10.2% YoY this year, hitting \$345 billion**, [according to](#) our forecasts.

The bigger picture: As Square and PayPal look to build out their presence in Europe, they'll need to contend with the [European Payments Initiative](#) (EPI)—a coalition of major European banks, credit institutions, and other payments firms.

EPI was established to create a domestic payment entity to take back control of European payment processes from US payment companies and poses a direct threat to PayPal and Square. Although the initiative is still in the beginning stages and unlikely to make an immediate impact on PayPal's and Square's European businesses, it might pose challenges for future expansion efforts on the continent.

Related content: To learn more about Square's solutions and what makes it an attractive partner for merchants, check out Square's segment in the [Small-Business Payments Disruptors](#) report.

Square Gross Payment Volume



Note: year-over-year growth

Source: Square, 2021

Methodology: This data is from Square's Q2 earnings statement published on August 2, 2021.

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