

2021 payments predictions that deserve a second look

Article

Rewind the tape: When we were looking back over our predictions for 2021, it was easy to say whether some were right or wrong—but a few were a little too close to call.

Our Block (Square) prediction: We expected Block to pilot both small-business and consumer credit cards in 2021.

Here's why: The payments giant already offers business [debit cards](#) and Square Capital, its business loan program. And in early 2020, its FDIC charter was approved, making it a legal bank in the US.

- We thought these moves would set the stage for a credit card offering for Block's small-business clients, which historically made up a large part of its seller business. Rising [card use](#) among small businesses also informed our prediction.
- On the consumer side, Block was already testing out lending capabilities: It [launched](#) a pilot program in August 2020 to test consumer microloans via Cash App. Consumer credit cards seemed like the logical next step for Block, especially considering that rival **PayPal** launched the [Venmo Credit Card](#).

Why we're not calling it a loss: Although Block didn't launch small-business or consumer credit cards like we anticipated, it is planning to [acquire](#) Australia-based buy now, pay later (BNPL) firm **Afterpay**—which is an alternative lender. And the purchase could preempt a potential credit card offering for Block considering many card issuers are bundling BNPL solutions into their card products.

Our crypto cards prediction: We predicted that in 2021, all the major card networks—**Visa**, **Mastercard**, **American Express**, and **Discover**—would forge robust partnerships and programs to enable card-based cryptocurrency payments. More specifically, we expected Visa and Mastercard to ramp up offerings and Amex and Discover to make initial steps in the space.

Our reasoning: There was a rise in crypto payments-adjacent innovation late in 2020: PayPal, for instance, let users buy, sell, and hold cryptos.

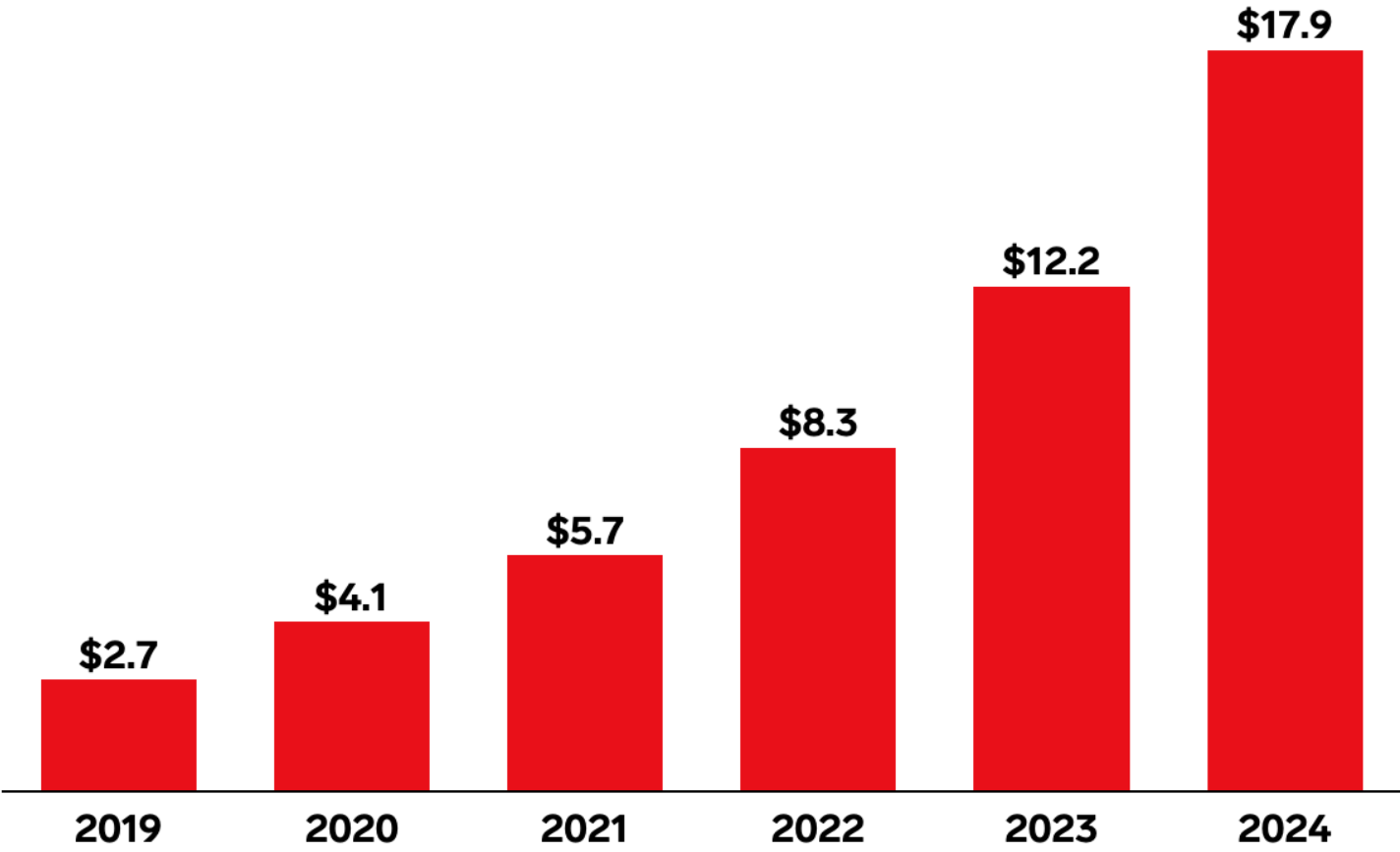
We therefore expected all the major payment networks to ramp up crypto card solutions to remain competitive, boost volume, and feed consumer appetite: In November 2020, **26% of US adults** said they acquired cryptos for the first time in the past year, [according to](#) Gemini. We thought networks would want to grab a piece of the pie instead of letting fintechs capture all the volume and revenues.

Why it's not quite a win: Visa and Mastercard did roll out new card-based crypto offerings in 2021. Visa, for example, recently [unveiled](#) the **Upgrade** Bitcoin rewards card and announced plans to [launch](#) an interoperable crypto payment system. And Mastercard made similar deals with [Bakkt](#) and [Voyager](#).

But contrary to our prediction, Amex and Discover did not enable card-based crypto payments. In fact, Amex CEO Stephen Squeri recently [said](#) the company had no immediate plans to offer a crypto-linked credit card—though it did invest in some crypto firms, including [Abra](#). And Discover kept quiet for most of the year—with the exception of June, when it hired Alexandra Prodromos as product manager of blockchain and digital currency.

Global Spending on Blockchain

billions of dollars



Source: International Data Corporation, "Worldwide Blockchain Spending Guide," September 2020

Methodology: Data is from the September 2020 International Data Corporation report titled "Worldwide Blockchain Spending Guide." The report quantifies the emerging blockchain market by providing spending data for 10 technologies across 19 industries and 17 use cases in nine geographic regions.

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