

Block integrates Clearpay as BNPL eats up more UK retail volume

Article

The news: Block integrated with Clearpay (known as Afterpay outside of the UK) so UK Square sellers can offer buy now, pay later (BNPL) to their customers online and in-store, per a press release.

How we got here: After it [acquired](#) Afterpay, Block integrated the BNPL service for sellers in Australia and the US, enabling online integration in February and then [rolling](#) the service out

for brick-and-mortar sellers in May.

Bringing Afterpay to its US and Australian sellers helped drive up Block's payment volume and supported seller retention in [Q2](#), CFO Amrita Ahuja noted on the company's earnings call. Block's Q2 gross payment volume (GPV) increased 23% year over year (YoY). While this was notably slower than Q2 2021's 88% YoY growth, stronger ties with Afterpay likely helped Block avoid a sharper deceleration.

Why it's worth watching: BNPL services have become widely popular across the UK as consumers seek out flexible and interest-free payment methods.

- **BNPL accounted for 6% of ecommerce transactions** and was the fifth-most-popular brick-and-mortar payment method in the UK last year, [per](#) FIS. In-store and online BNPL constituted a greater share than prepaid cards and other payment methods in the UK.
- BNPL use has also expanded well beyond mainstay retail categories like apparel and beauty: 44% and 32% of consumers in Great Britain were willing to use BNPL to purchase major appliances and home furnishings, respectively, [according to](#) a 2022 YouGov study.

Block's opportunity: Integrating Clearpay can help bolster Block's UK business and bring the firm one step closer to connecting its ecosystems.

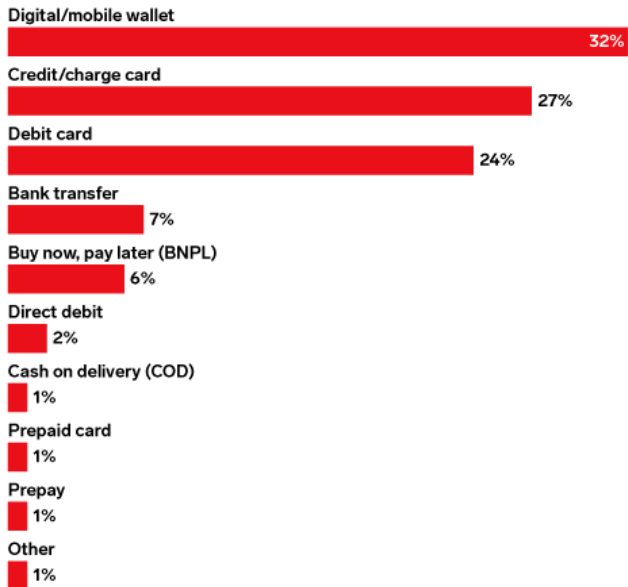
- Clearpay can help Block tap into the **12% of adults** in the UK who made a purchase using BNPL last year, [per](#) UK Finance.
- CEO Jack Dorsey doubled down on creating tighter integrations with Afterpay within its Square and Cash App ecosystems during the firm's Q2 earnings call. The Clearpay integration can help lift Square sellers' sales and encourage them to use more of Square's services.

The bigger picture: Clearpay's growth may be complicated by tougher BNPL competition and regulation taking shape in the UK.

The UK government [plans](#) to regulate buy now, pay later (BNPL) by requiring BNPL providers to carry out stronger eligibility checks and gain approval from the UK's **Financial Conduct Authority**, which is also [cracking down](#) on BNPL messaging. But Block's backing, combined with persistent demand for BNPL across the UK, can help Clearpay weather any regulatory and competitive headwinds.

Most Utilized UK Ecommerce Payment Method, 2021

% of total



Note: numbers may not add up to 100% due to rounding
Source: FIS, "The Global Payments Report," March 2, 2022

275582

InsiderIntelligence.com

*This article originally appeared in **Insider Intelligence's Payments Innovation Briefing**—a daily recap of top stories reshaping the payments industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.*

- Are you a client? [Click here to subscribe.](#)
- Want to learn more about how you can benefit from our expert analysis? [Click here.](#)