

Square introduces Cash App Pay, bridging its seller and consumer ecosystems

Article

The news: Square will let US sellers accept payments made using **Cash App**, its P2P payment platform. **Cash App Pay**, which sellers can integrate with just a software update, will let Cash

App users scan a QR code or click a button on their mobile device to check out using the platform both in-store and online. Merchants can use the tool to manage receipts, reconciliation, and settlements within the Square app.

Square's opportunity: Cash App Pay lets the brand further unify its two ecosystems and grow its business potential. Square nudged these bases together with Square Loyalty earlier this year, but Cash App Pay solidifies the union.

- Cash App is growing: Its user base is set to reach 39.7 million this year, with \$94.76 billion in volume, though gains are set to slow through 2025, per our forecasts.
- And Square's core business is enabling payment acceptance through hardware and software solutions: After smaller sellers rushed to adopt new payment and business management features during the pandemic, its **gross payment volume grew 88% annually** in Q2 2021.

We suggested Cash App's best path to growth lay in exploring ways to connect Square's seller and consumer ecosystems using the app's two-sided platform. In doing so with Cash App Pay, the brand could attract Cash App users by giving them a simple way to pay at a wide array of merchants. And it might also boost engagement by encouraging users to keep a balance in the app that they can use in other ways.

And tapping into Cash App's growing base as cashless payments and ecommerce expand could help merchants boost volume by giving consumers an easy way to pay. And it further positions Square as a one-stop shop for sellers, which improves its edge over other providers after businesses' satisfaction with their merchant service providers slipped during the pandemic.

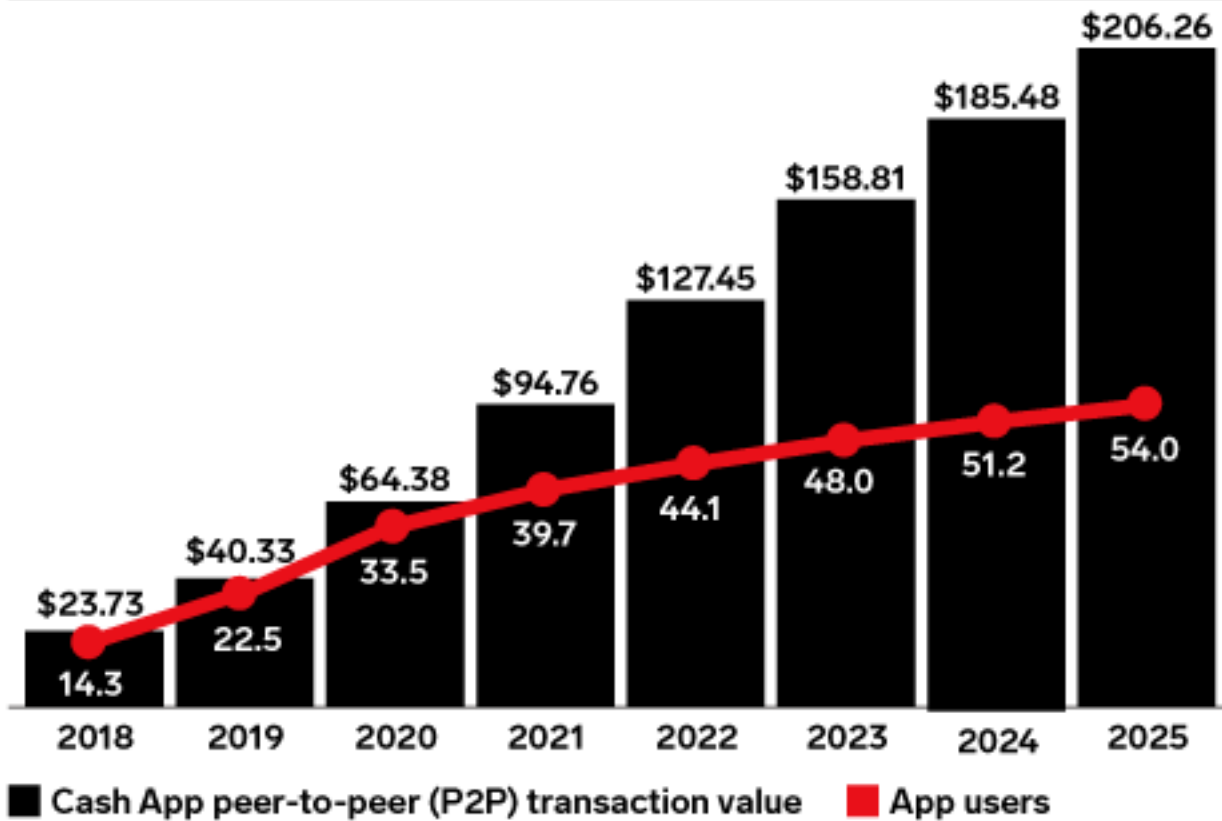
A note on competition: Cash App Pay's debut turns up the temperature on the Square-PayPal rivalry.

In recent months, both firms have built parity with each other by launching similar features: For example, PayPal rolled out broad crypto support and is reportedly exploring stock trading, while Square recently purchased Afterpay to move into buy now, pay later (BNPL). Square debuting Cash App Pay as PayPal moves further in-store with QR codes and new merchant partnerships could escalate competition between the two firms on both the consumer- and merchant-facing sides of the business.

Go deeper: To learn more about Cash App's positioning in the consumer payment ecosystem and Square's broader ambitions, check out our [US Mobile Payments Forecast 2021](#) and

US Cash App Transaction Value and Users, 2018-2025

billions and millions of users



Note: ages 18+; mobile phone users who have made at least one P2P transaction through Cash App using a mobile device in the past month

Source: eMarketer, March 2021

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