

Square to buy installment payment firm Afterpay in \$29B deal

August 2 2021, by Alex Veiga



In this Wednesday, Oct. 28, 2020, file photo, Twitter and Square CEO Jack Dorsey appears on a screen as he speaks remotely during a hearing before the Senate Commerce Committee on Capitol Hill, in Washington. On Sunday, Aug. 1, 2021, digital payments company Square Inc. said it has agreed to acquire Afterpay, which provides a "buy now, pay later" option for merchants, in an all-stock deal valued at about \$29 billion. "Square and Afterpay have a shared purpose," Dorsey said in a statement. Credit: Michael Reynolds/Pool Photo via AP, File

Digital payments company Square Inc. says it has agreed to acquire Afterpay, which provides a "buy now, pay later" option for merchants, in an all-stock deal valued at about \$29 billion.

Square said Sunday it has agreed to buy all of the Australian company's shares, and that the transaction's estimated value is based on last Friday's closing price of Square [common stock](#).

Square allows retailers to process credit card transactions using devices that plug into tablets or smartphones. The San Francisco-based company said the acquisition is expected to close early in 2022.

The company plans to integrate Afterpay into its services, enabling merchants to offer customers the option to pay for goods later without relying on a [credit card](#). Afterpay users would be able to manage their installment payments directly in Square's cash app.

"Square and Afterpay have a shared purpose," Square CEO Jack Dorsey said in a statement.

Some 70 million people use Square's cash app. As of June 30, Afterpay was serving more than 16 million users and nearly 100,000 merchants, including major retailers, the [company](#) said.

Installment plans are popular with retailers because they encourage customers to spend more money. And they enable customers with insufficient funds or credit at the time of purchase to walk out of a store with the item they want. Payments are made in multiple installments over time, without interest—unless customers are late, in which case additional fees or interest may kick in.

"Afterpay is deeply committed to helping people spend responsibly without incurring service fees for those who pay on time," the companies said in a joint press release announcing the transaction.

© 2021 The Associated Press. All rights reserved. This material may not be published, broadcast, rewritten or redistributed without permission.

Citation: Square to buy installment payment firm Afterpay in \$29B deal (2021, August 2)
retrieved 23 April 2024 from
<https://techxplore.com/news/2021-08-square-payment-firm-afterpay-29b.html>

| |
|--|
| <p>This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.</p> |
|--|