



# Block: At the Heart of the FinTech Revolution

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One of the most significant global trends today is the convergence of financial services and technology. Across the world, people are increasingly embracing online transactions, mobile payments, and digital wallets. There are many businesses that are playing a role in this FinTech revolution. One that is really leading the charge, however, is **Block**.

## A Diversified FinTech Company

Block – formerly known as Square – is a FinTech company that owns a range of brands including Cash App, Square, Afterpay, and Bitkey. Each of these brands is focused on different aspects of the economy and collectively, they position the company to serve a wide spectrum of financial needs.

Founded in 2009, Block is led by entrepreneur Jack Dorsey, who is a well-known figure in the FinTech world. Dorsey is the driving force behind the company's technological innovation and strategic direction, and he has plans to create a platform that can provide financial services for all.



Source: Block Shareholder Letters, 2021-2024

## Cash App Has Momentum

Seemingly benefiting from the worldwide shift towards digital payments, many of Block's brands are thriving at present. Take Cash App, for example. This is a US-focused mobile payment service that was launched in 2013. Today, it allows users to send and receive money, use a customizable debit card, take short-term loans, access high-yield savings products, and more.

At the end of 2024, Cash App had 57 million monthly transacting actives, 30% higher than the figure three years earlier<sup>1</sup>. Meanwhile, Cash App Card had 25 million monthly actives, 92% higher than the figure three years earlier. This level of growth suggests that the product is resonating with Americans. According to the company, the Cash App Card has strongly resonated with younger customers – it estimates that 21% of all 18-to-21-year-olds in the US used Cash App Card in 2024.

## Cash App Growth

	2021	2024	3-year growth
Cash App monthly transacting actives (million)	44	57	30%
Cash App Card monthly transacting actives (million)	13	25	92%

Source: Block Shareholder Letters, 2021-2024

Looking ahead, Block's goal is to make Cash App the top provider of banking services to households in the US that earn up to \$150,000 per year. To achieve this, it is building a competitive banking product that offers potential benefits that go beyond what traditional financial institutions offer.

As an example, those using Cash App's paycheck deposit feature can currently access a high interest rate on savings, free overdraft coverage, priority phone support, and other features. These differentiated offerings helped Cash App reach 2.5 million paycheck deposit actives in December 2024 – a 25% year-over-year increase.

To raise awareness of the app and drive growth, Block is upping its marketing efforts on this side of the business. In the second half of 2024, marketing investment increased by more than 2x compared to the first half, and the company plans to scale this further in 2025 to show consumers the value it offers.

## Afterpay Integration is Fueling Cash App Growth

It's worth noting that in February 2025, Block began rolling out a new offering that integrates Afterpay – its Buy Now Pay Later (BNPL) offering – with Cash App Card. This enables customers to pay for their purchases retroactively over time.

In early testing, Block has seen encouraging adoption of the BNPL technology. And the company believes that it can be a meaningful growth driver over the next few years as the feature leads to higher gross profit per active.

Block's research has found that nearly 70% of Gen Z consumers are either likely or extremely likely to opt for BNPL options when paying for goods and services. So, Afterpay on Cash App Card provides the group with an opportunity to meet the spending habits of this demographic.

## Square is Now a Comprehensive Business Platform

Another app that Block is having success with is Square. Originally a payments solution for restaurants and small businesses, this has evolved into a comprehensive commerce platform, and it now has over four million users worldwide.

Today, Square offers customers a point-of-sale (POS) system, payment processing, business banking services, e-commerce solutions, business management tools such as inventory management tools, customer relationship management (CRM) solutions, and invoicing tools, and more. In essence, it aims to provide businesses with an all-in-one solution for managing their operations.

Offering a comprehensive platform like this can create key differentiators since once a business is set up on it, it is unlikely to switch to a competitor due to the time and cost involved. Imagine the headache it would cause a restaurant or retailer if they decided to change to an entirely new POS system and were forced to train all their staff again.

For 2024, Square's gross payment volume (GPV) totaled \$227.6 billion. This was an increase of 49% on the figure three years earlier. However, this year, Block is aiming to accelerate Square's GPV growth. To do this, it is rapidly scaling up its US Account Executive and field sales teams and expanding its international sales presence.

Square GPV				
Year	2021	2022	2023	2024
GPV (\$billion)	152.8	186.4	209.6	227.6

Source: Block Shareholder Letters, 2021-2024

## 2024 Financial Highlights

- **Total Gross Profit:** \$8.89 billion +18% year on year
- **Cash App Gross Profit:** \$5.24 billion +21% year on year
- **Square Gross Profit:** \$3.60 billion +15% year on year

## Long-Term Growth Strategy

Looking ahead, Block is aiming to build out its financial ecosystem. Its main goal is to build a “neighborhood” network that connects sellers, buyers, consumers, and staff and enables seamless and integrated financial interactions and commerce within and across these groups.

It plans to establish Square as the leading technology platform for neighborhood businesses with a focus on quick-service restaurants – which serve as community hubs for loyal, repeat buyers. Meanwhile, it aims to establish Cash App as the preferred banking platform for a “new generation”, allowing millions of individuals to easily run their financial lives on the platform and engage deeply with their community.

A major strategic priority is to invest heavily in artificial intelligence (AI) tools that can enhance efficiency for both its businesses and its customers. To this end, it recently launched an open source on-machine AI agent that can automate most engineering tasks and help to reduce maintenance and repetitive work. This can work on top of any LLM. And it is extensible meaning that companies can customize it to their needs.

## Large TAM

Block believes that its total addressable market (TAM) is substantial. In the past, management has estimated that there is a \$130 billion gross profit TAM for Square and a \$75 billion gross profit TAM for Cash App<sup>2</sup>. In 2024, gross profit for Square and Cash App came in at \$3.6 billion and \$5.2 respectively. So, there could be a long growth runway ahead here.

For 2025, the company is expecting gross profit growth of at least 15% year over year, with growth for Cash App and Square expected to improve meaningfully in the second half of the year. The company remains committed to achieving the Rule of 40 (where the sum of a company’s revenue growth rate and profit margin is 40% or higher) in 2026 and expects to exit 2025 at or above the Rule of 40 on a quarterly basis.

### Footnotes:

<sup>1</sup>Block, Q4 2021 Shareholder letter, as of April 2021

<sup>2</sup>Block Investor Presentation Q4 2023, as of January 2024

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