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Afterpay allows users to buy now and pay later, with no interest or fees. ===== Afterpay's growth was fueled by its unique business model, which allowed customers to split purchases into interest-free installments. As the company expanded, Nick Molnar encouraged retailers to offer Afterpay at their stores, creating a buzz around the service through social media. In 2016, Afterpay listed on the Australian Securities Exchange with an initial public offering of \$25 million. By August that year, it was used by over 300 retailers and had signed up more than 100,000 shoppers, financing \$20 million worth of purchases. Molnar claimed that many customers paid back their money early, but the Consumer Action Law Centre warned that although shoppers weren't charged interest directly, they might still end up paying extra fees. By 2017, Afterpay had partnered with over 2,600 retailers and was expanding into physical stores. The company grew rapidly, serving more than one million customers and over 7,000 retailers by October that year. Afterpay's revenue came mainly from late fees, but Molnar argued that most of the company's income came from retailers. To avoid being regulated under Australia's national credit code, Afterpay offered short-term credit to be repaid in less than 62 days without charging interest. In 2018, American venture capital fund Matrix Partners invested \$19.4 million in Afterpay to support its entry into the U.S. market. Afterpay launched in the U.S. with popular retailers like Anthropologie and Urban Outfitters, and by August that year had acquired a majority stake in Clearpay, a UK-based BNPL service. The company reported underlying sales of \$4.7 billion in the 11 months to May 2019 and raised fresh capital through a share issue in June of that year. By mid-2020, Afterpay had grown to five million active customers in the U.S., with over two million users worldwide and more than 6,500 merchants in both countries. The company announced plans to expand its services to at least four continents, including Asia, to capitalize on the online shopping surge during the COVID-19 pandemic. Over the course of a few months following March 2020, Afterpay's share price skyrocketed from \$9 to \$160, with an investment of \$300 million paid in May that year.Afterpay Acquisition Completed by Block ===== Block has completed its acquisition of Afterpay for \$39 billion in stock. The deal marked the final hurdle with the Bank of Spain approving the takeover bid on January 12, 2022. Following this, trading of Afterpay's shares was suspended until January 20, 2022, when the merged entity began trading under the ticker SC2. By January 31, 2022, Block had officially acquired Afterpay, making it a subsidiary. This move solidified Afterpay's position as a leading buy-now-pay-later service in several countries. Afterpay has experienced significant growth since its founding. As of June 2021, the company had expanded to nearly 100,000 merchants globally. Its average customer in Australia was estimated to be around 33 years old, with eight out of ten customers being women. By August 2021, Afterpay and Block announced a plan for Block to acquire Afterpay. The acquisition was finalized after Block paid \$39 billion in stock. Despite not delivering profits or paying dividends by the time of the deal, Afterpay reported impressive financials post-acquisition. Its underlying sales rose by 90% in the 2021 financial year to \$21.1 billion, and the number of customers using the platform grew to 16.2 million. This expansion was made possible by Block's acquisition of Clearpay in several international markets. Following the deal, shares of Afterpay increased significantly. The company also announced plans to introduce BNPL services for subscriptions in the U.S., marking an opportunity for growth. By January 2022, the Bank of Spain had approved Block's takeover bid, paving the way for the acquisition to be completed. On January 31, 2022, Block officially took control of Afterpay. In recent years, Afterpay has received recognition as a leading BNPL service globally and in the U.S. According to various reports, including Bank of America Securities' 2023 rankings, Afterpay topped the list of BNPL services in several countries. The company also reported substantial revenue contributions to Block in 2023, totaling US\$1.04 billion. As of December 2023, Afterpay claimed a significant merchant base of over 348,000 across five countries. The lender has continued to expand its customer base and improve its repayment rates. In February 2024, Axios reported that Afterpay processed US\$27.3 billion in payments and had 24 million global customers. Afterpay's business model relies on assessing a customer's creditworthiness before approving transactions. Factors such as their income level, employment status (likely to be approved), the amount of funds they have on their debit or credit card, and how long they've been using Afterpay are taken into account. The lender rejects around 20% of transactions based on these factors. In 2020, Afterpay had to write off less than 1% of sales due to customers not paying back, with no impact on the borrower's credit score since Afterpay doesn't report to credit bureaus. This lack of reporting has been a subject of criticism, with some arguing it contributes to a culture of debt among young people. Afterpay primarily serves millennials, who make up 75% of its users, followed by university students, one-third of whom have been found to use short-term borrowing through Afterpay. However, the service has faced criticism for being detrimental to consumers. Studies have shown that some users experience financial stress when trying to keep up with payments, leading to debt and neglected essential needs. Market analysts suggest that while BNPL options like Afterpay show significant growth potential, sustaining this growth depends on generating larger basket sizes (extra sales beyond what customers would normally make). In 2018, Afterpay reported earning 24.4% of its income from late fees and 75.6% from merchant fees. The rise of BNPL services has been linked to a decline in credit card use among millennials, with 69% using their cards less as a result of using Afterpay. Legislation was passed in April 2019 to provide the Australian Securities & Investments Commission (ASIC) with powers to intervene when it identifies a risk of significant detriment to consumers, including those using BNPL services. In June 2019, Afterpay disclosed that it was under investigation by AUSTRAC for potential breaches of anti-money laundering regulations. The company has since been working to address these concerns and improve its compliance. Despite this, some critics argue that BNPL platforms like Afterpay are contributing to a culture of debt among vulnerable young people. In 2020, Afterpay reported having 3.6 million active customers in the U.S., 3.1 million in Australia and New Zealand, and 600,000 in the U.K. The ASIC released a report in November 2020 highlighting the need for consumer protections through regulatory changes, but did not call for new regulation. The Australian Finance Industry Association's Code of Practice is voluntary, leaving room for further regulation. In June 2022, the Albanese Government announced plans to regulate the BNPL sector under the Credit Act. ===== Small businesses are facing a crisis due to their reliance on Afterpay, which has left them with liquidity issues. The company's 'rolling reserve' system can leave businesses without access to their funds for up to three months, although they only receive small payments at a time. This can be particularly challenging for businesses that heavily rely on Afterpay, as opting out may result in significant lost business. Afterpay raised \$125 million to list on the ASX but only received \$25 million in funding. The company's success is attributed to its popularity among young consumers and powerful lobbyists during the COVID-19 pandemic. However, some experts have questioned the company's interest-free promise, citing concerns about debt danger. The company's expansion into new markets has been successful, with Afterpay landing in the US and aiming for a share of the \$3.8 trillion market. The company's UK expansion is also progressing, with the launch of 'Clearpay' in the region. Despite its challenges, Afterpay remains a significant player in the finance sector.Afterpay's Rise to Prominence in the E-commerce Space ===== Afterpay's regulatory woes have been ongoing for several years, with numerous investigations and fines imposed on the company. In 2018, ASIC recommended buy now, pay later law reform due to concerns over late fees making up a significant portion of Afterpay's income. A report by UBS in 2018 noted that retailers may face an "Afterpay hangover" as consumers' spending habits are affected by the service's high fees. This led to increased scrutiny from regulators and consumer advocacy groups, who argued that the industry code of conduct was toothless. In 2021, the Australian government announced plans to regulate the buy now, pay later sector under credit laws, with industry players such as Afterpay defending their business practices. However, many merchants have come forward to expose what they claim is a "rort" of rolling reserve fees charged by companies like Afterpay, which can cripple small businesses. The company has faced numerous fines and investigations over the years, including a AUD 10 million fine imposed by AUSTRAC in 2020. Despite this, Afterpay continues to expand its operations, with a significant presence in the US market. 123, a local-currency alternative payment channel for non-credit-card payment processing.[9][10] In fiscal year of 2014, company process over US\$2.2 billion in transactions.[11] Also in 2014, 2C2P partner with Mastercard to launch easyBills, platform that enable cardholder pay utilities, mobile, and bill via smartphone or web.[12][13] In 2015, 2C2P complete migration of service to Amazon Web Services (AWS) and become first online payment provider offering online credit card installment in Thailand.[14][15] In 2018, company partner with five major corporation to launch first QR code payment gateway in Thailand.[16] In early 2020, 2C2P announce launch of investment arm, 2C2P.VC.[17] In late 2020, company refresh branding and website to create more international and accessible look feel.[3] In 2022, company named participant Bank of Thailand retail central bank digital currency (CBDC) pilot testing program.[18][19] In April 2022, 2C2P enter strategic partnership with Chinese financial and payment company Ant Group, where Ant take majority stake and link Ant's Alipay+ payment service with 2C2P existing payment gateway platform.[20][21] 2C2P provide payment acceptance, payouts, issuing, digital goods aggregation and reselling services. Company support 250 payment method.[2] including electronic payment, mobile payment, credit card, and offline payment.[22] Company also aggregate bill payment, digital goods, and service - issuing wallet, cards, loyalty program, offer mobile top-up, transportation ticket, etc.[23][24][25] =====2C2P, a Singaporean fintech company, has been making waves in the payment industry with its innovative solutions. The company's services include online and offline payment acceptance, issuing digital goods and bills, and providing a platform for merchants to accept payments from various sources. According to 2C2P's website, the company offers a range of services including payment acceptance, issuing, and digital goods & bills. Its clients include major players in the industry such as Western Union, PayPal, and Advanced Info Service. In recent news, Alibaba's Ant Group acquired a majority stake in 2C2P in April 2022, further solidifying the company's position in the market. This development has been reported by various outlets including Forbes and Reuters. The Bank of Thailand is also exploring the use of retail central bank digital currency (CBDC) and has partnered with 2C2P to pilot test the technology. This initiative aims to improve the efficiency and security of payment transactions in the country. Gary Briggs, a former executive at Facebook and Google, currently serves as the Chairman of Hawkfish, a digital agency focused on Democratic causes and initiatives. He also sits on the board of 2C2P as an Independent Non-Executive Director. Afterpay Touch Group Limited listed on the NASDAQ after its successful IPO, and he serves as an advisor to several early stage companies, including Afterpay Touch Group Limited. He earned a Bachelor of Arts degree in 1984 from Brown University and a Master's in Management in 1989 from the Kellogg School of Management at Northwestern University. He also serves on the boards of Etsy, Inc (NASDAQ: Etsy) and Petco. Afterpay Touch Group is a technology-driven payments company with a mission to make purchasing feel great for its global customer base. It comprises the Afterpay and Touch products and businesses. Afterpay allows leading retailers to offer 'buy now, receive now, pay later' services without requiring end-customers to enter into traditional loans or pay upfront fees or interest. It currently has around 4.3 million active customers and approximately 30,600 active retail merchants on-boarded. Touch comprises innovative digital payment businesses servicing major consumer-facing organisations in the telecommunications, health and convenience retail sectors in Australia and overseas.