BLOCK

October 2024

Expanding Access & Financial Inclusion

Introduction

The relationship between finance and technology is constantly evolving, creating more opportunities to expand access to financial services than ever before. But for many Americans, the financial system still falls short, limiting access to basic opportunities and contributing to structural economic inequality.

That's why Cash App exists – to redefine people's relationship with money by making it more relatable, instantly available, and universally accessible. Cash App is designed to serve a wide range of individuals, including those who are not typical beneficiaries of the current financial system, and create solutions that reduce the impact of financial inequities.

This whitepaper examines the issue of financial access and inclusion to better illustrate the challenges Americans, and our customers, face.

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Block's purpose & Cash App's mission

Economic empowerment means that everyone should be able to participate and thrive in the economy.

In 2009, Square started by enabling anyone with a mobile device to accept card payments, anywhere, anytime. For one flat, clear rate, anyone could accept a credit card payment. The ease, speed, and transparency of the process was revolutionary. Millions of sellers who had previously been unable to accept card payments could now participate in a rapidly changing economy.

While Square found early success providing easy access to card payments, over time the company extended its offerings to other software and financial products. With a focus on technology, design, and transparency, Square's services are accessible, intuitive, and easy to use and, in contrast to many financial institutions, offer attractive and clear pricing.

Like card payments, many of Square's subsequent products were able to reach customers previously denied access to such opportunities elsewhere. For example, Square Loans is a service that offers loans to small businesses that use Square's point-of-sale system. The average loan in the U.S. (~$9,500) is a size many institutional banks will not entertain. Based on an online survey, more than half of Square Loan recipients are women, more than a fifth are minority-owned businesses, and more than half's advanced degree is high school.[1,2] In the absence of options like Square Loans, businesses often seek out alternative financing options and less dependable sources of funds, usually from friends and family, and many of the small businesses in need of capital do not receive any at all.

Cash App was the company's first foray into helping individuals, consistent with how Square made access to business tools easier for sellers. Cash App started in 2013, initially built to take the pain out of peer-to-peer ("P2P") payments. It went from a simple product with a single purpose to a dynamic ecosystem, developing a suite of financial services products and providing a better way to send, spend, invest, borrow, and save to more than 57 million active accounts.

Cash App's mission is to **"redefine the world's relationship with money by making it more relatable, instantly available, and universally accessible."** In embracing this mission, Cash App represents a different approach than traditional financial services, one that allows for greater access across demographic groups, lower costs, and fewer barriers to entry, even when activity from bad actors makes providing greater access more challenging. Safely enabling such access is critical. With Block's compliance investments through 2023 growing approximately twice as fast as overall gross profit since 2019, the company invests significantly in compliance and other practices that enable democratizing access to the financial system.

In 2021, the company rebranded as Block, incorporating Square and Cash App with other businesses. Together, these services share the continued purpose of giving people tools that allow them to better participate in and benefit from the global economy.

A significant shift in financial services is needed to build trust and affect change in the economy, improve historic inequities in access, and increase financial opportunities for a larger population. Cash App is working to address many of the core trust barriers that exist in the financial system, especially around fees and speed of access to funds. Its usage and growth suggest that it can improve people's financial lives, especially for the unbanked and underbanked.

A **transacting active** is a Cash App account that has at least one financial transaction using any product or service within Cash App during a specified period. A transacting active for a specific Cash App product has at least one financial transaction using that product during the specified period and is referred to as an active. Examples of transactions include sending or receiving a peer-to-peer payment, transferring money into or out of Cash App, making a purchase using Cash App Card, earning a dividend on a stock investment, and paying back a loan, among others. Certain of these accounts may share an alias identifier with one or more other transacting active accounts. This could represent, among other things, one customer with multiple accounts or multiple customers sharing one alias identifier (for example, families).

2.0

The economic system creates barriers to basic financial access

Approximately **24.6 million U.S. households are currently unbanked or underbanked**, relying on nontraditional institutions to meet their financial needs.[3] According to the FDIC's latest National Survey of Unbanked and Underbanked Households, in 2021, 5.9 million (4.5%) U.S. households were unbanked, and an additional 18.7 million (14.1%) were underbanked.[4]

Significant disparities in access to financial services persist across age, income, race, and ethnicity. For instance, 17% of adults with family incomes of less than $25,000 are unbanked, which is 3x higher than adults with an income greater than $25,000.[5,6] Only 3% of White adults are unbanked compared to 13% of Black adults and 10% of Hispanic/Latino adults. Black and Hispanic/Latino adults with lower incomes are more likely to have paid an overdraft fee than White and Asian adults with higher incomes.[7] Black and Hispanic/Latino individuals with lower incomes are also more likely to be denied credit or receive an approval for less than requested. For adults with incomes below $50,000, 46% were either denied or received less credit than desired, compared to just 13% of applicants with income above $100,000.[8]

Despite legislation and regulatory attempts to eliminate disparities, the effects persist. This has resulted in an economic system that works for some but not for all — where there is a high degree of economic segregation and a growing gap between those with and those without. The White House Council of Economic Advisors recently reported that there is "one accounting exercise that estimates that gaps in economic opportunity between Black, Hispanic/Latino, and other racial minority groups and those of non-Hispanic/Latino White individuals cost the U.S. economy trillions of dollars per year. While it is difficult to pin down a precise dollar amount, the evidence makes clear that eliminating discrimination is not just a matter of fairness but also about economic efficiency and the prosperity of all Americans."[9]

Moreover, a growing segment of the population — often referred to as the "stretched middle" — are facing financial strain.[10] Recent estimates indicate that more than half (65%) of all Americans are living from paycheck to paycheck, with the post-pandemic surge in inflation and rising cost of living exacerbating the strain.[11] While inflation rates have fallen closer to the Fed's target in the past year, the cumulative effects of previous inflation periods mean that many households are still facing higher prices. The majority (65%) of U.S. adults say that price increases have worsened their financial situation.[12] For many, having access to liquidity to navigate hard times is crucial; 37% of U.S. adults report they wouldn't be able to cover a $400 emergency expense or would have paid the expense by borrowing or selling something to cover the expense.[13]

95M

(37% of U.S. adults) say they wouldn't be able to cover a $400 emergency expense[13]

Stretched middle typically refers to individuals or households in the middle-income bracket experiencing financial pressures that cause them to feel squeezed or stretched. This can occur due to various factors, including rising costs of living, stagnating wages, increased debt, and insufficient social safety nets. The precise origin of the term has emerged over time within economic and political discourse/news/commentary.

2.1

The imposing factors that create structural inequality

The U.S. economy offers numerous financial opportunities, including tax-advantaged accounts, access to wealth-building assets, and financial products like stocks, bonds, and real estate. Credit is readily available for starting businesses and making major purchases such as home or education. There are also a wealth of financial planning tools and resources that exist to help manage finances effectively. However, for many Americans — including the 24.6 million unbanked and underbanked households — the financial system falls short, limiting access and inclusion to basic financial products, and contributing to deep structural inequality.

Five significant drivers of this inequality include:

1. Economic segregation
2. Money moving too slowly
3. Barriers to credit access
4. Limited wealth-building opportunities
5. Lack of access to financial knowledge

2.1.1

Economic segregation – the division of neighborhoods based on income.

Residential segregation by income has increased over recent decades, with geographic inequality rising more than 40% between 1980 and 2021.[14] One way geographic inequality manifests is in neighborhood resourcing. Lower-income neighborhoods tend to be less well-resourced, with low tax bases, poor schools, lack of infrastructure, and fewer amenities.[15] Moreover, research suggests that "because people's social networks are also in part geographically rooted, those living in high poverty neighborhoods have less social capital to link them to good jobs and other kinds of public and private goods."[16] This situation leaves few avenues for upward mobility, perpetuating cycles of poverty and deepening structural inequality.[17]

A growing body of research highlights that America's racial geography also plays a significant role in access to banking services.[18,19] More than 80% of low-income Black individuals and three-quarters of low-income Hispanic/Latino individuals live in communities that meet the federal statutory definition for "low-income," compared to just under half of low-income White people.[20,21,22] One study found that people in neighborhoods and cities with larger Black and Hispanic/Latino populations pay higher fees to open and maintain checking accounts at traditional financial institutions.[23] Studies also reveal that alternative financial services, such as check cashers and payday lenders, are more readily available and accessible in minority neighborhoods than traditional financial institutions.[24]

Geographic inequality manifests in other ways as well, such as access to resources like bank branches and ATMs. As of 2023, more than 12 million Americans live in banking deserts.[25] Communities with low device or broadband access and high shares of disabled residents disproportionately live in these deserts.[26] In fact, 15% of unbanked households in the U.S. cited "inconvenient bank locations" as the primary reason for not having a bank account, often requiring customers to drive or take public transportation long distances to access a bank or ATM.[27]

These factors point to the ways in which residential segregation by income and race may exacerbate inequality by limiting access to essential financial services.

2.1.2

Money moves too slowly, disproportionately harming lower-income communities.

Timely access to funds is critical for low-income communities, but moving money can be a slow and costly process. For many Americans this may result in late rent and bill payments or the inability to afford basic necessities like groceries or gas. Missing payments risks negative credit marks, entrapment in interest-compounding repayment cycles, and even the disconnection of basic utilities. A recent survey revealed that 37% of American consumers were charged a late fee on a bill in the past 12 months.[28] To avoid missing payments, customers often have to resort to expensive services like check-cashing and other alternative services to make payments on time. Individuals continue to seek a faster-moving process, with an external study suggesting that approximately half of prospective primary banking switchers are looking for quick money transfers or early direct deposit availability as part of the service.[29]

The slowness of U.S. payment systems stems from their fractured nature, often built on top of legacy technologies. For instance, checks take several business days to clear, and ACH/direct deposits typically take 1–3 days to process, with no settlement over the weekends.[30,31] These legacy systems remain dominant, especially for regular income or government assistance deposits, even as modernizations such as instant payment networks (e.g., Real Time Payments, FedNow) and settlement window reforms begin to develop.[32,33] Loan approvals can take days or even weeks, and sending money across borders involves exorbitant fees and slow processing times.

Banking deserts refer to neighborhoods with no bank branches nearby.

26M U.S. Adults are **credit invisible**

Credit invisible adults do not have a credit history with the major bureaus

+ **19M** U.S. Adults are **credit unscorable**

Credit unscorable adults have insufficient credit history, or stale files and lack of recent history

= **45M** U.S. Adults who **can't access credit**

2.1.3

Many Americans are negatively impacted by opaque credit scoring systems, unable to access the loans or credit they need.

Credit scoring attempts to predict consumer credit behavior and assess risk, informing decisions not only about who gets credit, but how much, and at what price.[34] However, many Americans are locked out of these systems.[35] Around 1 in 10 U.S. adults (approximately 26 million Americans) are "credit invisible," meaning that they do not have a credit history with one of the major nationwide credit reporting companies.[36] Another 19 million Americans are "credit unscorable," which means their credit file is either "thin" with insufficient credit history, or "stale" without recent credit history.[37] Finally, 12.6% of U.S. consumers are considered to have a "poor" credit score, which may come from factors such as lack of credit history, a short payment history, or an insufficient credit mix.[38,39] Americans deemed "invisible," "unscorable," or having "bad" credit are more likely to be denied credit, be offered credit at a price that may prove a barrier to access, or are deterred from applying in the first place. The share of U.S. adults who were denied or received lower amounts of credit rose five percentage points from 2021 to 2023.[40,41]

However, credit scoring does not always accurately reflect someone's actual ability to repay. For example, it does not include non-reported regular financial obligations such as rent or utilities, or nonfinancial information such as employment history or in-person interaction, and can over-index on past events that are no longer indicative of credit quality.[42,43,44] While the 1974 Equal Credit Opportunity Act prohibited credit-scoring from using certain demographic information such as race, sex, or religion, the primary credit models are based on factors like length of credit history and credit mix, circumstances strongly influenced by generational wealth (especially via inherited homeownership) that are often inaccessible to certain groups. Multiple research studies have shown credit scoring can be prejudiced against certain groups and amplify historical inequities, not least by impeding economic mobility and wealth-creation opportunities, especially against Black and Hispanic/Latino groups.[45]

2.1.4

Wealth-building opportunities have historically favored higher-income groups.

Saving for a rainy day, let alone for retirement, is challenging, and many lack the disposable income and tools to build wealth and start to close structural wealth gaps. The ability to take any kind of leverage for investment remains largely out of reach for lower-income groups due to a lack of discretionary income and/or understanding of how to get started. Higher-income groups can afford to take more financial risks by tapping into disposable incomes to invest without severe negative consequences to their overall financial stability. And they are often situated with more coverage for emergency costs, ensuring they can put more into illiquid, long-term investments. Higher-income groups are also able to take full advantage of complex tax codes, optimizing deductions and leveraging tax-advantaged accounts such as IRAs and 401(k)s. They can access capital for entrepreneurship, enabling them to start businesses and invest to build wealth.

One of earlier generations' greatest avenues for wealth creation — property ownership — has become inaccessible to many due to historically low housing affordability. The median sale price for a single-family home in the U.S. was 5.6x higher than the median household income in 2022, compared to the 1990s when it was consistently below 3.5x.[46] And in 78 of the nation's 100 largest housing markets, price-to-income ratios reached all-time highs in 2022.[47] This makes home ownership a distant dream for a significant portion of the population, who are instead forced to rent, denying them an opportunity to build wealth. A recent Bankrate survey found that more than half of all aspiring homeowners are currently unable to afford a down payment and closing costs for a property.[48] Even those with intentions to more effectively build wealth this way may fail to do so.

While stock ownership has steadily risen over the last decade, it is still concentrated amongst the highest-income cohorts. For U.S. adults with household income greater than $100,000, 84% report that they invest in the stock market (via individual stock, stock mutual fund, or self-directed 401(k) or IRA), but this drops to just 29% for those with household incomes below $40,000.[49] There are other notable differences in ownership rates. For example, White families had approximately 6x and 5x the wealth (across all assets) of Black and Hispanic/Latino families, respectively.[50] The disparity in ownership of assets like stocks and real estate exacerbates wealth inequality by limiting lower-income groups' ability to accumulate and grow their financial resources over time.

2.1.5

Lack of access to financial knowledge required to navigate the system.

A significant number of U.S. adults lack proper financial education resources. The Council for Economic Education reports only 23 states require students to take a personal finance course to graduate K–12.[51] According to FINRA's National Financial Capability Study, in 2019 only 34% of Americans could answer four out of five basic finance questions correctly.[52] Another study found that younger people, females, Blacks, Hispanics/Latinos, and those with low education attainment (high school or less) were among the least knowledgeable financially.[53] This can complicate everyday financial decisions and foster a sense of helplessness and frustration among many individuals who struggle to make informed decisions about their financial futures. This manifests in daily stress about budgeting and money management, along with feeling intimidated by topics like investing, which often prevents them from getting started.[54,55,56]

Lack of formal or informal financial education is significant because such knowledge is strongly correlated with behavior indicative of financial capability. Those with fewer financial education assets tend to be more overconfident about their knowledge.[57] Research also suggests a link between financial education assets and economic decision-making, especially the negative consequences of not understanding compounding interest on credit and debt, and for retirement planning.[58] These differences, however, may not be due to an innate adeptness with money, but from education and awareness that empowers one to make more effective, informed decisions.

Only **34%** of

Americans could answer four out of five basic finance questions correctly[52]

3.0

Whom Cash App serves and its approach towards building financial access and inclusion

3.1

Cash App expands financial access for a diverse audience base

Cash App expands eligibility — empowering customers from diverse financial backgrounds to access and manage their money — and creates solutions that reduce the impact of financial inequities. This includes those who are not typical beneficiaries of the current financial system, including the unbanked and underbanked, and those who seek less traditional ways to pursue financial well-being. For example, independent earners usually do not have a W-2 income and need more financial flexibility and accessible financial services. Cash App helps individuals regain control and decision-making power over their finances. P2P payments are typically the entry point into Cash App for its 57 million monthly active accounts.[59] Cash App also provides a breadth of features that improve access to core money management tools across spending, saving, borrowing, and investing.

3.1.1

Cash App serves customers across a broad mix of geographic, ethnic/racial, income, and generational characteristics.

Out of Cash App's self-reported customers, 47% reside in the South, 20% in the West, 18% in the Midwest, and 15% in the Northeast.[60] While more than half of its self-reported customers reside in urban areas, Cash App also has a significant customer base in rural (20%) and suburban (26%) communities.[61]

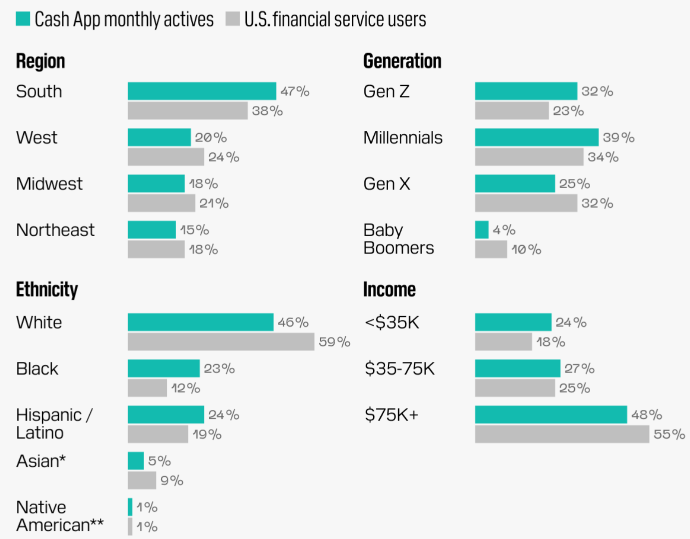
Using self-reported zip-codes from the survey respondents were designated based on US Census/USDA data via custom definitions created by EIG/Economic Innovation Group.

Cash App's self-reported customers also represent a wide spectrum of racial and ethnic backgrounds, with 46% of its self-reported customers identifying as White and 54% identifying as non-White.[62] Specifically, Cash App's self-reported customer mix over-indexes (relative to the U.S. population) among Black and Hispanic/Latino audiences, with 23% of self-reported customers identifying as Black and 24% identifying as Hispanic/Latino (compared to 12% and 19% of U.S. financial service users respectively).[63] Within Hispanics/Latinos, Cash App primarily serves U.S.-centric bicultural (42%) and acculturated (24%) audiences who are "struggling financially," are less likely to use traditional banks, and have less than $50,000 in annual household income.[64,65]

Cash App customers also reflect a range of household income levels, with 24% earning less than $35,000, 27% between $35,000 and $75,000, and 48% earning greater than $75,000.[66] Relative to the U.S., Cash App skews towards lower-income households. Of self-reported customers, 51% are below the U.S. median household income of $75,000 compared to 43% of the broader U.S. financial user population.[67,68]

Cash App resonates with younger demographics — 72% of self-reported customers are Gen Z or millennials compared to 57% of U.S. financial service users.[69] Cash App Gen Z (18+) customers use our full suite of products from P2P to Cash App Card to direct deposit.[70] An external study indicates that our primary banking users over-index Gen Z (18+) relative to other fintech and traditional banks.[71] In late 2021, Cash App launched a product for Families (designed for teens and their parents or guardians) and has seen rapid growth amongst teens in places where Cash App saw early adoption, namely (a) in the South, (b) with Black & Hispanic/Latino racial groups, and (c) in households with incomes lower than the U.S. median.[72,73]

Cash App serves a diverse set of communities



Notes: *Asian or Pacific Islander. ** Native American or Alaska Native

Source: U.S. Brand Health Equity & Tracking Study by Material+ (Cash App–commissioned online survey of n=6754 respondents aged 13–65, Q1 2024). Self-Reported Cash App monthly customers include daily, weekly or monthly usage. Various demographic questions asked.

3.1.2

Cash App's highly engaged customers are disproportionately lower income and seek basic access to financial services.[74]

Cash App's growth trajectory started in the Southeast U.S., gaining traction among those with lower levels of household income, those with lower financial knowledge, and those who face higher levels of economic hardship. The median household income of Cash App self-reported customers is substantially lower than the median income in the U.S., averaging between $40,000 and $50,000 compared to the 2022 average U.S. median household income of $75,000.[75]

Self-reported Cash App highly engaged customers are also much more likely to live in economically distressed ZIP codes, correlated with lower economic well-being and numerous measures of disenfranchisement (e.g., more limited mobility prospects and lower financial awareness).[76] Related, self-reported Cash App highly engaged customers have lower levels of educational attainment with 33% earning a high-school diploma or less (vs. 21% of the U.S. general population).[77] As noted, self-reported Cash App highly engaged customers are also more likely to be Black and Hispanic/Latino (28% and 24% vs. 12% and 19% of the U.S., respectively), who skew lower income relative to the U.S. general population.[78] Given these circumstances, self-reported Cash App highly engaged customers are more likely to be unbanked or underbanked relative to the overall population.[79]

When these customers start using Cash App, they often experience many financial "firsts" on the platform. For example, 19% of self-reported Cash App customers said they used a debit card for the first time with Cash App, and 20% said they stored and saved money for the first time with Cash App.[80,81]

Cash App customers have described how Cash App offers more accessibility and control over their money compared to financial institutions or other methods. An external survey suggests that 11% of self-reported customers claim to use Cash App as their primary financial tool — within this primarily lower-income group, we see especially strong network effects and advocacy for Cash App.[82] One community where we see strong network effects is within the family unit — families seek financial stability for their entire family unit and see Cash App as a tool that can help their children get set up for an easier financial future. Parents concentrated in areas where the median household income is in the lowest tertile of the U.S. have cited they are less able to contribute significant monetary assistance for more expensive goals — an example being saving for college. As a result, they try to teach financial responsibility early on, so their children can have the same affordances as others, such as going to college. One parent shared about his Gen Z child: "I think you start [teaching them about money] as early as possible. I would like to start building, helping build [her] credit now, but I am not in a position to do that because I need to build my own."

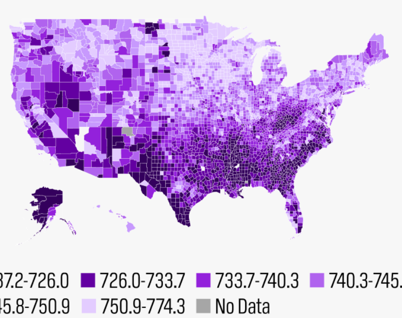
3.1.3

Strong prevalence of P2P financial support within low-income communities has driven deep penetration of Cash App in these communities.

P2P money transfer is critical to the financial practices of lower-income communities, where we see more frequent engagement in social practices that leverage personal connections, familial support, and local resources.[83] Cash App actives growth has been correlated to the growth of P2P payment transactions, and over time, this has led to increased Cash App penetration among many types of Americans, but especially those in lower-income communities. In fact, Cash App actives growth maps closely to U.S. regions with lower credit scores on average — showing the continued access Cash App is providing through its evolving suite of financial services.[84]

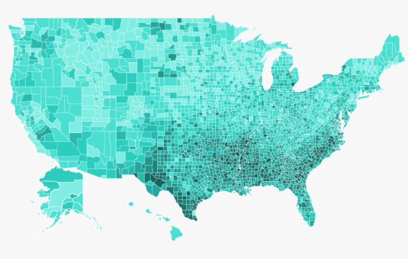
Cash App customer growth has been intentional

Average FICO Credit Scores for individuals with credit cards by County[85]



Source: Based on a research paper by Agarwal et. al., "Who Pays For Your Rewards? Redistribution in the Credit Card Market" (2022), adapted by Washington Post.

Cash App Customer Penetration by County[86]



Source: Based on Cash App monthly actives as of June 2024 and the U.S. population estimates from 2020. Data shown for U.S. counties.

3.1.4

Cash App has been growing with audiences who have found utility in Cash App's model of financial access, speed, liquidity, and relatability: (a) independent earners and (b) Hispanics/Latinos.[87,88,89]

Cash App has seen organic growth with these customers, who are leveraging the access, lower cost, and speed of Cash App to fulfill their unique financial needs.

Independent Earners

Inclusive of delivery drivers, freelancers, marketplace sellers, and content creators, "independent earners" can be underserved by traditional financial institutions since their income streams can be unpredictable compared to a steady paycheck and W-2 form.[90] Broadly speaking, this group makes up workers who engage in any non-standard employer-employee work (or do not receive a W-2 paycheck). There are an estimated 58 million Americans who identify as independent earners (36% of employed), an increase of nine percentage points since 2016.[91] A McKinsey study indicates that independent earners skew younger, with Gen Z and millennials making up most of this audience.[92]An external survey suggests that 37% of self-reported Cash App customers are independent earners, with Cash App's independent earners skewing Gen Z (18+) and millennial at 76%.[93]

Policies and financial solutions have lagged structural changes to the labor market where more people now seek greater independence and flexibility in their work. Independent earners tend to generate their income in multiple ways, work their own hours, and make their own schedules. They seek the same sort of flexibility and control over their money, from how they get paid to how they put income to work. Accessing their money in a timely manner is also important, since the nature of the work can be more volatile than traditional employment.

For approximately one-third of Cash App customers surveyed currently engaging in some kind of independent work, payment flexibility and payment speed sit at the core of our value proposition.[94] Earners are able to bring in their money through multiple ways — whether traditional direct deposit, cash (e.g., depositing paper money and P2P payments), checks, linking the debit cards where they receive their income, or linking their Cash App Card to receive their income directly. Cash App aims to provide speed and flexibility to ensure earners can access, spend, and invest their income conveniently. This also includes money management tools to help customers automatically distribute their paychecks into features such as bitcoin, stocks, or savings.

"My DasherDirect card is synced to my Cash App. So whenever I get paid here, I transfer everything to Cash App. Immediately. I use my card for everything. So if I was to go out and go to DoorDash and go make $32, I'm immediately sending the money over to Cash App. I only use Cash App for everything now. So whether it's groceries, gas, going out to eat, it's my only card."

— Cash App customer / DoorDasher

Hispanic/Latinos

Cash App estimates half of 18+ Hispanics/Latinos in the U.S. use Cash App.[95] The majority of the U.S. Hispanic/Latino population is born in the U.S., and the share is increasing.[96] This audience is large and diverse, representing 15+ countries and subcultures, with varying needs based on their acculturation, country of origin, cultural background, and financial situation. They are more likely to reside in multigenerational homes and have deep-rooted connections to their families and communities.[97] These family and community ties are also financial, with 29% of U.S. Hispanics/Latinos financially supporting family within the U.S. and 25% financially supporting family abroad, with socio-financial practices acting as a mechanism for mutual financial support, such as tandas (a community-based rotating savings and credit system) and community lending groups.[98] Hispanics/Latinos' two biggest P2P payments use cases on Cash App are gifting and sending money to support family.[99]

Nearly 1 in 3 U.S. Hispanics/Latinos do not have their needs met by traditional financial service providers, and tend to be 2x more underbanked than the general population.[100] They are frustrated, particularly when it comes to fees, interest rates, rewards/benefits, access to credit, accessibility of banking terms/concepts, and required minimum account balances to get started.[101]

Hispanics/Latinos in the U.S. tend to be more entrepreneurial, starting businesses at a faster rate than all others — the number of Hispanic/Latino-owned businesses grew 44% from 2011 to 2021, compared to just 4% for non-Hispanic/Latino-owned businesses.[102] There are currently 5 million Hispanic/Latino-owned businesses in the U.S., though less than 10% of those are employer businesses. In a survey commissioned by Cash App, 16% of Hispanics/Latinos in the U.S. have income from their own business/freelance work, and 19% from side jobs or the gig economy.[103]

3.2

Cash App expands access by building for customer needs

Cash App has built an ecosystem of financial products and services that helps individuals run their entire financial lives.

Cash App's ability to serve customers in this way hinges on successful collaboration with a number of bank, financial, and payments partners who are the foundation of Cash App's product suite. Cash App works with partners across the entire life cycle of a given feature or product — from defining goals at the outset, to aligning on risks and compliance requirements, to considering the customer experience and journey, through approvals, launches, and ongoing iteration. With this model, Cash App is able to offer an experience that typically begins with P2P payments and then, as a given customer finds utility in Cash App, often expands into other services like spending, saving, investing, borrowing, tax filing, and more.

A snapshot of Cash App usage in June 2024:[104]

- **57 million** monthly active accounts using Cash App
- **24 million** monthly active accounts who spent on Cash App Card
- **2 million+** monthly active accounts who received their paycheck into Cash App
- **Millions** of monthly active accounts who transferred money in or out of Savings, took out a loan with Cash App Borrow, and who bought, sold, or received a dividend using Stocks

Cash App Products

P2P payments allow customers to engage in financial transactions with other members of the Cash App community. When customers use peer-to-peer, they are inviting their friends, family, and coworkers to download Cash App so that they can quickly and easily send each other money.

Cash App Card is a debit card that allows customers to make purchases using funds in their Cash App balance. Customers can order a Cash App Card free and use it anywhere that accepts Visa cards to make purchases, easily and instantly drawing down from the funds stored in their Cash App balance. Customers can select new or promotional Cash App Card designs for a fee, and can also withdraw funds from an ATM using the Cash App Card.

Savings allows customers to hold a separate savings balance, and easily set and track towards financial goals. Customers can add money to savings using their Cash App balance, a linked debit card, or through Round Ups on purchases with Cash App Card. Eligible customers can currently earn up to 4.5% APY.

Cash App Borrow allows customers to access short-term loans for a small fee, through a banking partner. The product offers eligible Cash App customers up to $1,000 that they can pay back in scheduled installments, as a percentage of their Cash App inflows, or all at once at the end of the loan term. Cash App customers' eligibility is determined through a data-driven approach based on customers' activity in Cash App.

Direct deposit capabilities, in alliance with Cash App's bank partners, allow customers to receive their recurring paycheck, tax refund, or government disbursement into their Cash App balance, which they can then use to send, spend, store, or invest. Eligible customers can receive their funds up to two days early, which can be crucial to managing cash flow.

Stock investing allows customers to use Cash App to invest their funds commission-free in U.S. listed stocks and ETFs. We believe this makes investing more accessible by giving customers access to hundreds of listed stocks and ETFs that they can purchase using their Cash App balance or a linked debit card for as little as $1. Once the order is filled, all investments are viewable through the Stocks applet.

Bitcoin investing allows customers to buy and sell bitcoin with Cash App for as little as $1 and gives them a custodial account to store it securely without needing to keep track of any private keys. Customers can also use direct deposit to auto-convert their paycheck into bitcoin and earn instant bitcoin rewards on Cash App Card purchases.

Cash App Taxes provides a seamless, mobile-first solution for consumers to file their taxes free and get their refunds up to 5 days sooner compared to many banks.

Buy now, pay later ("BNPL") facilitates commerce between retail merchants and consumers by allowing retail merchant clients to offer their customers the ability to buy goods and services. Pay in 4 is the most used product, allowing customers to split purchases into generally three or four installments, typically due in two-week increments, without paying fees (if payments are made on time). Responsible spending rules and consumer protections are built into the service to ensure they do not incur excess fees.

Cash App Pay is a quick and convenient, mobile-friendly way for Cash App customers to pay at merchants across online and in-person channels by scanning a QR code or tapping a button on their personal mobile device at checkout.

Business accounts allow small businesses and entrepreneurs the ability to collect payments for their business by accepting P2P payments for a fee.

Cash App Families provides a place for families to manage their money, together. Those aged 13–17 can set up an account, get a parent or guardian to sponsor them, and gain access to a suite of financial tools that their sponsor can turn on or off at any time.

3.2.1

Cash App strives to make financial services more accessible, cheaper, and more transparent.

Based on a survey from the FDIC, 40% of unbanked households cited they "don't have enough money to meet minimum balance requirements" as a reason for not having a bank account.[105] 30% also reported that "bank account fees are too high" and 27% reported that "bank account fees are too unpredictable."[106] Cash App is dedicated to expanding access and financial inclusion for individuals in the U.S. by offering financial services with transparent and lower costs.[107,108,109] Cash App does not charge account fees or have minimum account balance requirements on its stored balance, savings balance, or brokerage accounts.

One customer shared his perspective on how minimum balance fees often take advantage of people in their time of need:

> "If I could keep a minimum balance of like $500, then I wouldn't need to save those $10. But I'm already super low. And that's when you're going to charge me? When I'm at my worst?"

For customers using traditional financial institutions, having an insufficient balance can be a major source of stress, leading to costly situations where they are charged sizable overdraft fees that compromise their ability to make important purchases. One customer described the indignity of being charged overdraft fees: "[For] a lot of people my age, it's like you have schooling to pay for, your rent, your groceries, whatever slack your roommate isn't covering. The $35 is just another pain in the a** for you to worry about whenever you get hit with that [overdraft fee]. That plus, it's a recurring bill, it's like, if you don't pay that you're getting charged even more on top of what you already owe."

Traditional financial institutions benefit substantially from fees when customers attempt to spend more than they have in their balance.[110] This comes in the form of non-sufficient funds ("NSF") fees, where the transaction that would bring the account into a negative balance is declined, and overdraft fees, where the bank temporarily covers the transaction that overdraws the account.[111] Cash App does not charge an NSF fee or an overdraft fee.[112] In December 2023, Cash App launched up to $50 of free overdraft coverage each month for customers who receive at least $300 through direct deposit.

Comparison of Cash App fees and stipulations compared to traditional financial institutions

PRODUCT/ SERVICE	TYPE OF FEE/ STIPULATION	CASH APP[107]	NATIONAL AVERAGE[108,109]
Checking or Stored Balance	Minimum balance requirement	$0	$469
Checking or Stored Balance	Monthly fee	Free	$5.31
Savings Balance	Minimum balance requirement	$0	$300
Savings Balance	Monthly fee	Free	$5

PRODUCT/ SERVICE	TYPE OF FEE/ STIPULATION	CASH APP	NATIONAL AVERAGE[114]
Checking / Stored Balance / Savings Account	Non-sufficient funds (NSF) fee	N/A	$19.94
Checking / Stored Balance / Savings Account	Overdraft fee	Free (product only available to those who direct deposit $300+ per month)	$26.61

Since Cash App launched free overdraft coverage for eligible customers, it has covered more than 108 million transactions for 1.6 million accounts, saving customers up to an estimated $380 million in traditional financial institution overdraft fees.[113]

One Cash App customer referred to overdraft coverage as one of her "biggest lifesavers," sharing how helpful it was to be able to spend on her card and pay back the amount she overdrafted as soon as she got paid again. Another customer shared how, unlike her previous bank, Cash App offered her the flexibility to make important purchases around the holidays when spending is particularly important: "Christmas time is coming up, and I know when people are really tight on money, it's really really helpful to have that to lean on, if needed."

Interviews reveal that Cash App customers often switch to Cash App from other financial providers after being hit with hefty account-level fees or fees to use specific products. They find cost savings, and relief, by switching to Cash App. Out of self-reported Cash App customers, 78% agree that Cash App is a low-cost financial service.[115]

One customer started with Cash App because she was racking up fees at her financial institution: "I was struggling with money a little bit and I was like, I need to find [somewhere] that I'm not paying fees...'cause it adds up and I'm really trying to like be like smart with my money... I finally was like, I need to change."

Direct deposit customers appreciate how Cash App is attuned to their needs by not charging extraneous fees. One customer shared how she sensed that Cash App knew that "every dollar counts," sharing how with ATM fees, "they don't charge you for using your own money." On top of the cost savings, customers also appreciate how Cash App is transparent about any fees:

> "It's clear cut. It's no fine print. It's not, 'Oh here's a fee.'"

Since Cash App launched free overdraft coverage for eligible customers, it has covered more than

108M

transactions for

1.6M

accounts, saving customers up to an estimated

$380M

in traditional bank overdraft fees.[113]

3.2.2

Cash App offers faster access to customers' money.

Many people rely on the financial support of their communities to get by in their financial lives. In fact, money exchange (including sending, lending, and borrowing money from others) is one of the top reasons customers use Cash App.[116] Customers also regularly use Cash App to move money between their financial accounts within or outside Cash App.[117] In both cases, the speed and cost of money transfer between accounts is critical — when money is tight, customers need it quickly to ensure they have enough for purchases or bills, and often banks are simply too slow or expensive.

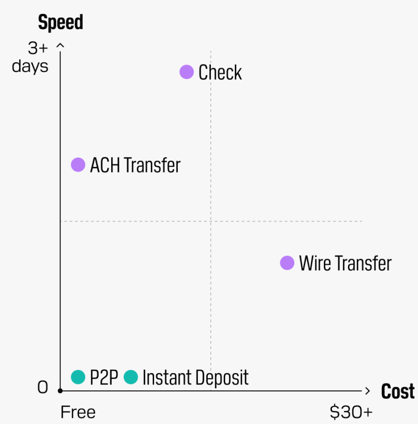
Cash App customers share how slow money transfers induce stress and anxiety. The inability to access funds can hamper their capacity to make timely purchases and meet payment deadlines, ultimately resulting in additional fees and financial strain.[118] One customer noted:

> "Delays in funds means delays in paying bills and rent late, adds an additional fee for everything. I end up spending more money for not having my money on time."

Historically, consumers in the financial system were limited to legacy transfer methods such as check, ACH, or wire transfers. While checks are free for the sender, ordering a checkbook creates additional expense. ACH transfers can be free for qualified account holders, but will take approximately 1–3 business days to be received, a timeline unsuitable for urgent transfers.[119] Wire transfers cost between $15 and $50 per transfer, and speed can range from a few hours to several business days depending on the price paid and destination.

When Cash App introduced its P2P product in 2013, it was one of a handful of solutions that allowed customers to send or receive money instantly, for free, to anyone in the Cash App network, eliminating the typical waiting periods or higher costs associated with legacy transfer methods. Cash App then enabled customers to transfer their Cash App balance instantly to an external bank account for a small, transparent fee (called Instant Deposit), making that money immediately available for purchases or withdrawals. This service is designed to help customers who need liquidity immediately, bypassing the standard waiting period associated with ACH transfers. If customers don't have the means to pay the fee, and prefer not to wait for a standard transfer, they can also access their funds immediately by spending them with the Cash App Card.

Approximate average cost and time taken to perform a digital money transfer[119]



Customers value how quickly they can access money through Cash App. As one customer shared, being able to send money quickly via Cash App was how he could provide for his family: "That's the only way that I have to access my money and be able to get it to my family members quick, quicker than a normal bank... almost everyone has Cash App. Everybody don't have a Chase, everybody don't have a Bank of America, everybody don't have a Navy Federal to transfer funds. So Cash App makes it good for me to provide and look out for my family."

Another customer shared the critical role of Cash App in receiving financial support, after having a "tumultuous" relationship with money and struggling with both health and financial issues: "These days, I have [an] extremely supportive community, and I get by, sort of, because they keep us afloat... We have to basically collect money from our friends in a hat to pay all of the [bills], to keep the lights on and the Wi Fi is due soon... we would not be housed, we would not be fed, honestly, it sounds dramatic, if it wasn't for Cash App."

Cash App also allows access to paychecks and tax refunds earlier than other financial institutions for eligible customers. Those who receive $300 or more in direct deposit each month can receive it with no fees, and up to two days early compared to financial institutions. Customers who file their taxes with Cash App can receive their tax refunds up to five days early compared to many financial institutions. This is critical for the 31% of taxpayers who say they depend on their tax refund to make ends meet.[120]

One customer who uses Cash App for direct deposit shared that she is the only person at work to receive her paycheck early: "I get paid three days before anybody else at my job, and they keep asking me how." Another customer was surprised by how quickly they received their tax refund: "I filed on a Tuesday and had my return back by Friday (literally three days later). It was such an amazing experience."

3.2.3

Cash App extends eligibility to more customers by enabling the use of banking services through its bank partners.

Cash App customers may have difficulty opening bank accounts because they cannot easily go to a branch in-person to apply. 17% of Cash App's actives who live in a rural area do not have access to a financial institution within their zip code. 31% of those who live in urban areas have more predatory financial service providers (e.g., pawn shops, payday lenders) available than traditional financial institutions.[121] These physical barriers make it difficult for customers to both apply and subsequently be approved for a bank account in the financial system.

Cash App also extends eligibility to teenagers (13 years and up), who can sign up for a sponsored account through Cash App Families. Parents and guardians can support their financial journey through in-app controls and visibility into activity.

Overall, customers appreciate the ability to open a Cash App account digitally and conveniently. One customer living in a rural area shared how difficult it would be for him to get a bank account because he didn't have an easy way to get to a brick-and-mortar branch: "Unless I go down there in person and verify my ID and all that stuff but I don't have no way of going... we don't have no automobile, no transportation here, so, like you know, you got to get groceries sent by Walmart to us and stuff like that... so I would have to go down on a bicycle, I'd have to ride a bike all the way to town to the bank to go in to do that."

Another customer, who prior to Cash App had been a stay-at-home mom with no control over money in her marriage, shared how she benefited from Cash App's accessibility after her divorce.

She recalled:

"No bank would let me open up an account because I didn't have one for so long. And they were scared to like, I guess, cover me or whatnot. So that's where I found Cash App, and like, you guys have been my buddies ever since."

As a registered money service business ("MSB"), Cash App operates in a highly regulated environment, and therefore maintains strict policies, procedures, and controls designed to mitigate the risks associated with fraud, identity theft, scams, money laundering, and other risks, while aiming to provide reasonable access to the financial system in a safe and compliant manner. Cash App's identity verification ("IDV") process is performed through its mobile application, allowing Cash App to verify the identity of its customers without requiring a brick-and-mortar visit. Cash App can digitally verify a customer's identity through a combination of electronic and documentary methods. Cash App works with multiple vendors for electronic verification and document identity verification, both of which are further supported by machine learning models that are designed to detect inauthentic identities and supplement vendor checks. In lieu of in-person identity verification, Cash App's document identity verification process requires customers to perform a liveness test to detect and prevent spoofing, along with a selfie that is compared to an unexpired government-issued ID. Cash App does not use credit checks to open an account, expanding eligibility to good customers who may otherwise be denied due to credit history.[122] Beyond IDV, Cash App maintains policies, procedures, and controls to monitor account and transactional activity in order to detect, deter, and mitigate financial crimes and other illicit or illegal activity, while also designed to protect consumers using the platform in accordance with relevant obligations.

3.2.4

Cash App allows customers to access their money, regardless of physical location.

Out of all Cash App actives, 26% live in economically distressed communities, which is twice the national average. These ZIP codes are associated with a preponderance of predatory options.[123] These geographic barriers make it difficult for customers to readily access banking services in person, such as depositing or withdrawing physical cash.

Even with the increasingly digital nature of commerce, some customers still need a way to deposit and access physical cash. To meet this need, eligible Cash App customers may deposit paper money directly into their Cash App account at more than 40 different participating retailers such as 7 Eleven, Dollar General, Walgreens, and Walmart. Cash App only charges a flat-rate $1 processing fee on each deposit, and deposits are immediately available for use. Cash App Card customers also have access to approximately 40,000 ATMs in-network through a partnership.[124] For those who receive $300 or more in their direct deposit each month, in-network ATM withdrawals are free, in addition to one free out-of-network ATM withdrawal each month.

With accessible deposit and withdrawal functionalities, Cash App customers are able to conveniently transact on their own terms. One customer commented on the amount of time he can save using Cash App's paper money deposit locations:

"I have to drive 40 minutes to go to the closest [bank]... where if I want to deposit money, I have to go there, put the money in... but I could just go down to Walgreens to the Cash App box, put the money in there. It's five minutes away."

Another customer (who lived in a rural area) reflected on how Cash App's in-network ATM locations have become increasingly convenient for her to both withdraw and deposit funds into: "I feel like now you can go to like Walgreens or you know Walmart or any of these stores that you're already going to use your Cash App Card there and pull out cash if you need to."

3.2.5

Cash App offers easy and convenient ways for customers to participate in the economy.

For many customers, particularly those who are unbanked or underbanked, the access and convenience of Cash App is particularly important because they lack options for spending instruments.

Cash App provides a simple way for customers to spend their balance via the Cash App Card. This issued debit card is tied to the customer's Cash App balance, which can be funded through a variety of mechanisms (e.g., P2P payments, external bank transfers, direct deposit, paper money deposits). Because Cash App customers can instantly receive and spend funds, transactions are quick and seamless. Customers regularly share how they use their Cash App Card to pay for a diverse range of items (e.g., food, gas, groceries) and how it is easy to use. As one customer said, "as long as I got my phone, which I'm not going to leave nowhere, I always got my debit card." Cash App Card is also near-universally accepted.

Cash App Card also grants customers more control over their purchases or bills, bypassing the delays associated with cash or check holds. Some Cash App customers use it to pay rent, often as a way to better manage their money around this large outflow and ensure that their payment is deducted right away and delivered on time. One customer shared how this lightens her mental load:

"When you use Cash App, whether it's pending or if it's posted, it's going to reduce your balance and you don't have to worry about calculating that for a later date."

Cash App Pay allows customers to use their Cash App balance to pay for purchases by scanning a QR code or by selecting Cash App Pay at online checkout, allowing for an easy, convenient checkout experience. When merchants use Cash App Pay, they receive the opportunity to engage with Cash App's unique audience of young, geographically diverse, and historically underbanked consumers in the U.S.

Cash App Offers allows customers to access savings in the form of instant discounts while shopping — this type of reward is typically associated with premium rewards credit cards. When using Cash App Card or Cash App Pay, customers have access to dozens of compelling discount offers at major retailers. Examples include grocery stores such as Kroger, retailers such as Starbucks, or in health and wellness at CVS. These rewards are instant, so customers receive savings immediately as opposed to having to wait at least one billing cycle with comparable premium rewards credit cards.

As discussed in Section 3.1.2, many Cash App customers would not be eligible for, nor be able to afford, a premium credit card with associated rewards, yet they are disadvantaged by the system built to enable such cards: financial institutions increase interchange fees to pay for rewards programs, which leads to merchants passing these costs on to all consumers, regardless of how they pay.[125] Since its launch, Cash App Offers has saved more than 10 million customers nearly $300 million.[126]

Customers appreciate these rewards, seeing them as "a way to earn rewards, discounts, or perks." One customer shared his excitement after saving on an Xbox purchase by using an Offer on his card: "The Boosts [previous name for Offers] save me a lot of money. Oh my God. I bought this Xbox thing and it took like 10% off [...]. I was happy with that."

Cash App Business Accounts also enable payments between small entrepreneurs and individuals. Approximately 80% of U.S. small businesses accept P2P payments, accounting for nearly 60% of their total payments on average, showing the importance of payments network access for the small business economy.[127]

3.2.6

Cash App offers additional liquidity to help customers manage income gaps and variability.

Traditionally, customers must wait until payday to get paid or pay hefty fees to payday lenders to accelerate this timeline. This usually leads to more budgeting on already tightly managed expenses and bills. More than one-third of Cash App actives report needing a payday loan or extra funds to deal with monthly or emergency expenses at least once per month.[128]

According to a Cash App analysis of Experian data, only 38% of Cash App customers have "good" or "better" credit ratings (FICO score over 670), compared to 67% for the average American.[129] For Cash App Borrow actives, 70% have a "poor" credit rating (FICO score under 580).[130] As a result, these customers typically have less access to credit, and at a higher price, while still needing cash flow the most.[131] Customers who need additional liquidity urgently are at their most vulnerable and often fall prey to predatory lending practices such as payday loans.

Cash App offers customers access to short-term loans through Cash App Borrow, provided by its bank partner. This is an easy and fair way to receive additional liquidity for a small and transparent fee. Compared to other options, terms are more favorable, fees are substantially lower and more transparent, and the small loan amounts are easier for customers to pay back. Cash App's proprietary models use a greater range of data not used in traditional credit-scoring systems (such as Cash App's customer activity) to make an underwriting determination instantly. This is unlike other funding providers who have lengthy application processes and rely on traditional credit scoring systems, which often unfairly lock people out of credit regardless of their true ability to repay. Unlike payday loans or credit cards, Cash App does not allow customers to get into a revolving debt cycle, because Cash App does not allow a customer to take out another loan if they have a loan that is currently overdue. In 2023, Cash App originated more than $3.6 billion in short-term loans.

Based on customer surveys, 43% of Cash App Borrow actives reported the loans helped them pay bills, 42% reported the loans helped them purchase groceries or food, and 38% reported the loans helped them smooth cash flows in between paychecks.[134] According to one customer, "You never know when you get that unexpected bill you might need that money for." Eligible customers also value how quickly they may get access to funds to help them pay bills and satisfy other pressing needs once they are approved.

Borrow acceptance and utilization rates are inversely correlated to credit scores, but the average repayment rate is greater than 97%.[135] These customers both value and protect their credit much better than their credit scores would suggest.

This year, Cash App started to offer Cash App Card customers the option to apply a BNPL payment construct to their purchases, including the ability to use BNPL retroactively on purchases. Afterpay's BNPL product allows customers to pay in four payments over six weeks. It also includes many consumer protections unavailable with credit cards. For example, Afterpay's Pay in 4 is a no-cost service for customers who make payments on time, with no interest charged. Unlike traditional credit products, Afterpay does not allow customers to revolve in debt, as Afterpay does not let customers make another BNPL purchase if they have missed a payment. Conversely, traditional credit cards allow customers to make very low minimum payments that allow debt to revolve at interest rates of 20% or more. Late fees are capped, and Afterpay never enforces debt or sells it to a collections company.

Comparison of Cash App Borrow interest payable vs. other instruments[132]

TYPE OF LOAN	CASH APP BORROW	OVERDRAFT FEE	PAYDAY LOAN	PAWNSHOP LOAN
Approximate interest payable on a $100 loan over a 30 day period based on APR[133]	$5	$1,346	$30	$16

All customers start with low spending limits that gradually increase based on demonstrated repayments. Likewise, if a customer repeatedly misses repayments, their spending limit decreases. This significantly reduces potential for consumer harm.

The majority of BNPL customers surveyed agree that it provides an alternative to paying high-interest credit card debt. Also, 70% of U.S. BNPL customers reported that BNPL reduces stress related to large purchases.[136] If repayments are missed, a $500 purchase made using a credit card would accrue almost 4x more in interest in 12 months compared to the cost of missing BNPL payments for the same purchase. As of the second quarter of 2023, 95% of all Afterpay BNPL installments were paid on time and 98% of all purchases incurred no late fees, compared to just 59% of U.S. credit card users who are paying off their balance from month to month.[137]

3.2.7

Cash App makes it easier for customers to save money.

Many U.S. adults are dissatisfied with how financial institutions help them save. 37% are dissatisfied with their ability to learn how to save better with their current provider(s), and 36% are dissatisfied with their ability to save for different goals.[138]

Cash App customers can create a savings balance with as little as $1. There are no transfer fees or monthly caps to get money in, and no hidden fees, minimum balance requirements, or account fees associated with a Savings account through Cash App. Customers who have a Cash App Card currently earn an APY of 1.5%, and customers who bring in $300+ in direct deposits each month currently earn a 4.5% APY, which is 10x the current national average.[139] Cash App doesn't limit withdrawals or require minimum balances, unlike other high-yield savings products.

Cash App customers can create savings goals and automate savings contributions. Round Ups allow customers to get started by rounding up transactions on their Cash App Card to the nearest dollar, which can be added to their savings, investing, or bitcoin accounts. Over 8 million customers have saved more than $436 million through Round Ups on their Cash App Card as of June 2024.[140] Customers that receive their paycheck into Cash App can also automatically set aside a portion of their income to savings, bitcoin, or stocks every time they get paid. Since we launched paycheck distributions, over 440,000 customers have saved more than $541 million as of June 2024.[141] Cash App's paycheck distributions feature provides a meaningful wealth creation opportunity to our customers.

The Savings feature through Cash App makes it easier to reach savings goals or plan ahead for the future without consciously thinking about the decision or desire to save every time. One customer recounted how transferring money to her savings and turning on Round Ups allowed her to save up for her new apartment, "I was able to reach that goal... I think I got it, like, all done in like two weeks and it was super crazy, but it was very nice." She used the $300 she had saved to buy a couch for her living space. Savings can also provide an emotional benefit and a way to help customers get on the right track towards managing their money. One younger customer said he felt more "mature" using Savings, "It makes me feel like I have a goal and not spend every penny I have," in essence expanding his notion of what was possible to do with his money.

Cash App Savings APY compared to National Average APY

CASH APP QUALIFIER	CASH APP APY[142]	NATIONAL AVERAGE APY[143]	DIFFERENCE
Savings + Cash App Card	1.50%	0.45%	3.3x
Savings + Cash App Card + $300 Direct Deposit	4.50%	0.45%	10x

3.2.8

Cash App makes it easy for customers to learn about investing and get started.

Many Cash App customers do not have substantial experience with investing, which is consistent with the social and financial background of most of the customer base. Approximately half of Cash App actives self-identify as novices when it comes to investing.[144] However, many customers express interest in learning to do more with their money.[145]

Investing accounts are free to open on Cash App, require no minimum balance to maintain, and do not charge commission fees on trades. This makes it more affordable for customers to buy and sell stocks compared to traditional financial institutions. Investing customers can buy fractional shares of stock (e.g., purchasing a percentage of one share) for a minimum investment of $1. Customers can also automate stock purchasing decisions by setting orders to buy stock on a regular schedule, or use Round Ups to buy stocks a little at a time. Cash App also offers educational resources such as in-app tools and real-time data for informed investing decisions.

One customer shared how she had been intimidated by the stock market prior to investing on Cash App: "One of my goals was always to invest in like stocks. I always found that very interesting, but it also kind of scared me like, I didn't know exactly how to get into it, really, what to expect, how to navigate it." She then discovered stock Round Ups, which she saw as a "simple non-scary way to start to get into stocks." Through Round Ups and manual stock purchases, she ended up accumulating stock for the first time.

Another example of the transformative impact of financial education and investment comes from an individual who shared, "I bought my 55 year old friend who hasn't a dime in savings, is on disability and unemployed, and lives day to day with her finances, her first stock. TSMC back in August or September, I believe. She had to promise that she'd never sell her $2 of stock, and to only ever add to it. For the first time in her life, she had some semblance of savings — even if it was just in concept, rather than being of any financial substance. However, something had clicked. She came to feel that saving in some fashion was doable — it had already started! And she took interest in tracking the stock, and — true to her word — hadn't spent it in any of the many times of need. Instead, she had been adding to it in small trickles here and there, and within short time she had savings in the triple digits and couldn't believe it. She felt like a 'normal' responsible adult, but more importantly, she had a concept of future in her mind. That concept was nothing but bleakness before, and now with savings in four figures, she sees much light and is optimistic."

03.2.9

Cash App offers customers other ways to save and invest through novel forms of money.

Stemming from their bad experiences and distrust of the traditional financial sector, Cash App customers view bitcoin as a new form of money and an alternative type of savings tool — both for short- and long-term savings.[146]

Since launch, Cash App has helped more than 20 million actives buy, store, send, and receive bitcoin. Bitcoin Basics is an in-app education hub focusing on bitcoin literacy so customers can build the knowledge and confidence necessary to embark on a bitcoin investing journey. Customers can remove the guesswork from bitcoin purchases through Auto Investing (preset a frequency, amount, and order type), Round Ups into bitcoin purchases, or automatically convert a percentage of their paycheck into bitcoin. When customers get paid in bitcoin or use Round Ups, there are no fees or spreads, making Cash App the lowest-cost bitcoin provider in the market. Cash App also allows eligible customers to deposit or withdraw their bitcoin to compatible wallets.

One customer shared how Cash App provided an opportunity to take the first step in their investment journey: “Cash App helps me with money and investment in a way that I’ve not been able to do it before. It was particularly with crypto, right? So I did not have a way or a safe way that I trusted, you know, to move money back and forth to exchange or purchase Bitcoin, let alone be able to trade it. And Cash App was one of the very few [places] that I was actually able to, to do this with, right?” Many customers also view bitcoin as the type of generational opportunity their parents never had. We also hear customers think about their long-term financial picture through bitcoin investments: “I was able to use my funds to actually invest into crypto and just like put money that I was already spending and able to use the rewards earlier in their programs to invest in my future.”

3.2.10

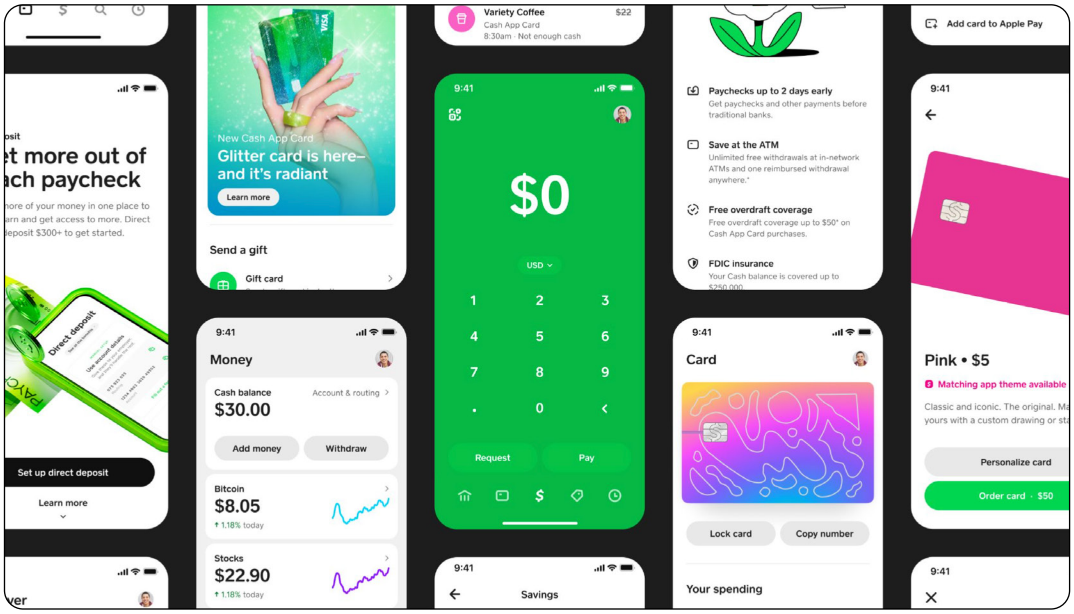
Cash App makes money more relatable (and sometimes even fun).

Cash App is well-regarded by customers as a relatable brand, and is increasingly embedded within culture. One younger customer described Cash App by saying, “It’s a cooler app than my bank account. It’s got more features. It’s more user-friendly. It’s got cooler designs and everything,” highlighting how Cash App is explicitly distinct from banks not only in its offerings but also in its customer experience and design aesthetic. Another customer reflected how Cash App lives up to its mission of relatability by saying, “I think it’s definitely more relatable than others, 100%... I think they took the understanding of their customers into consideration when they built it.”

For example, Cash App provides unique personalization and customization options via features like themed cards and the ability to add a personal design to the front of the card. These options, often unheard of at banks, allow customers to proudly express their identity when using their card. One customer was excited to get the “pink card” last year so she could show it off to her friends while shopping. She gushed, “I really wanted to use that one [Cash App Card] for my spending account so that I could pull my pink card out at like Starbucks or when I’m shopping, and the girls love it.” By offering benefits that resonate on a personal level, the Cash App Card empowers customers to spend and manage their money in a way that feels true to who they are. The Cash App Card fosters a sense of inclusion and empowerment, ensuring that every customer feels valued, a sense of ownership over one’s financial identity, and importantly, not excluded from benefits tied to one’s social or financial position.

4.0

Cash App's approach towards building a brand built upon accessibility and relatability that enables inclusion



Beyond the product, Cash App also invests in brand-building and community engagement to further enable access and inclusion. Cash App invests in local and national initiatives and organizations with the intention of both supporting and empowering local communities. Through these efforts, Cash App aims to create a connection based on trust and relatability, that helps improve customers' relationship with money overall. Customers trust the brand and its intentions. The majority of self-reported Cash App customers find the platform trustworthy and three in five customers find Cash App empowering (vs. 49% for traditional banks).[147]

Surveyed customers have said Cash App's brand is much more likely to be seen as relatable and reflective of their interests and lifestyle. One customer said, "From Cash App, I get that money is fun! Managing it can be easy and fit into your lifestyle. You don't need to change your behaviors. You don't need to [mess] with banks. Money talk and money decisions don't have to be formal. Cash App is that space to move your money easily... definitely feels like Cash App is supportive of my people."

Customers feel as though their communities are represented and that Cash App is helping improve their communities. According to a survey from Morning Consult, 70% of self-reported Cash App customers agree that Cash App has a positive impact on their community (vs. 48% for traditional banks).[148] In speaking about Cash App's role in community relationships, one customer remarked, "Cash App helps me towards goals by [letting] me send money to family members... we can go to the movies together or just do different activities. I've also used it to support [a charity] Liberty for all service dogs to be able to help them, in that way we can, you know, be a community, grow together as people and do this thing."

5.0

Conclusion

Cash App has been able to increase access to the financial system and empower a large and diverse set of customers to better send, spend, save, invest, and understand their money in a way that many financial institutions have not. This is aligned with its mission to **"redefine the world's relationship with money by making it more relatable, instantly available, and universally accessible."** Ultimately, Block believes that Cash App can continue to shape the financial landscape for the better now and into the future.

6.0

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