MARQETA

Square

Empowering small businesses and individuals to thrive with financial tools that improve cash flow

Industry:
Digital banking

Features:
Card issuing, tokenization, Gateway JIT Funding, program management

Background:

Co-founded in 2009 by Jack Dorsey, Square is a financial services and payments company on a mission to "empower and enrich people" by providing simple and easy-to-use tools. Originally focused on payment processing and hardware that enabled sellers to accept credit card payments using their mobile phones as the point of sale, Square has grown to provide myriad financial services for small business owners.

Square quickly became the standard toolkit for small business owners looking to do everything from accepting payments to running payroll, invoicing, and tracking revenue and expenses. Though its core offering centers around card acceptance and processing for business owners, small businesses love Square's simplicity, ease of use, and ability to manage multiple key aspects of their business operations. The Square team is always mindful that while cash is the lifeblood of small businesses, almost half of small business owners report worrying about their cash flow.[1] Enter Square Card.

In 2018, Square partnered with Marqeta to introduce Square Card, a business debit card for small business owners. When a seller on the Square platform processes payments, that income lands in their business balance through their Square account. Prior to the introduction of Square Card, sellers either had to wait days for funds to reach an external bank account, which delayed access to their earnings, or pay a fee for instant deposits. Square Card enables business owners to access those funds immediately and without additional fees, so business owners can reinvest their revenue by purchasing what they need to keep their businesses running. Having a dedicated business expense card such as Square Card eliminates the need for business owners to untangle their business and personal expenses, as commonly happens when they use other cards for both types of expenses. Square Card can also be personalized with the business's name and owner's signature, giving business owners another tool to reinforce their brands with a polished look without any monthly, sign-up, or annual fees.

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The problem:

Square found there were existing key market insights and common pain points reported about small business cash flow that informed a need to launch a business card for its users. In particular, these market insights showed that only about 50% of small businesses survive longer than 5 years, and around 80% of failed businesses do not survive because of struggles with cash flow management.[2]

Square, a trusted brand among both small business owners and consumers, saw an opportunity to help business owners better manage their cash flow. They decided to introduce a dedicated business debit card that would not require users to open a new bank account and would give sellers almost instantaneous access to their earnings to reinvest in their businesses.

To launch this card, Square needed to partner with an issuer processor that could:

1. **Provide a trustworthy, proven, and scalable card offering to deepen the existing relationship with its customer base of millions of Square sellers**

2. **Integrate seamlessly with Square's seller app as part of its vision for the user experience of ordering a card, designing the card, and provisioning virtual cards to digital wallets**

3. **Bring expertise in management of partner banks and payments networks, including robust compliance and risk functionality**

"Marqeta's expertise in financial services and relationships across the payments ecosystem has enabled us to implement a highly successful card program. Their integrations with the issuing banks and card networks have been instrumental in helping us establish our program, and Marqeta's attention to fraud, risk, and compliance has matched our high standards as we scale. These capabilities have allowed us to accelerate our time to market and better serve the needs of Square sellers."

Christina Riechers, General Manager of Business Banking, Square

2. https://www.businessinsider.com/why-small-businesses-fail-infographic-2017-8

The solution:

Professional business debit cards that enable sellers to reinvest their capital immediately

Square chose to work with Marqeta to launch its Square Card offering due to Marqeta's ability to bring a new card program to market quickly, its developer-friendly APIs, and its best-in-class 99.995% platform uptime. Additionally, Square had already witnessed the success from Marqeta's existing partnership with Cash App.

Marqeta's modern card issuing solution enables Square to:

Issue physical business debit cards to sellers using Square's small business platform

Sellers can access their Square balance with their Marqeta-powered debit card, which allows them to reinvest capital quickly into their businesses. The cards can be personalized to sellers' businesses, with laser-etched business names and signatures for a polished, professional look.

Instantly issue virtual debit cards

Square sellers don't have to wait for a physical card to arrive in the mail before using a card to access their balances. From the Square App, sellers can create a new, tokenized virtual card instantly using Marqeta's push provisioning functionality. The tokenized card can be added immediately to the user's Apple Pay or Google Pay wallet to be used for spending right away, enabling contactless payments functionality.

Utilize Marqeta's Gateway Just-In-Time (JIT) Funding to control authorizations in real time

Marqeta's Gateway JIT Funding enables Square to completely control the authorization of transactions based on a number of self-managed attributes and parameters, including authorization based on a seller's Square balance at the time the card is being used for payment, as well as custom fraud indicators to protect a seller's earned funds.

Get data insights in real time

Square utilizes Marqeta webhooks to keep sellers up to date on their accounts, so they can see their money movement and transaction details in real time. Square also uses Marqeta webhooks to view information on seller card creation, cardholder status, and transaction status.

The solution:

Offer incentives to Square Card holders:

Marqeta's webhooks enable Square to identify when a seller uses their Square Card at another Square business, and the cardholder receives 2.75% off their purchase as part of an incentive to support fellow sellers and fuel the Square ecosystem.

Take advantage of Marqeta program management services

Square utilizes Marqeta's payment expertise and operational services, including: integrations with the issuing banks and card networks, compliance expertise, risk, fraud, and chargeback management to operate a successful card program.

> "With Square Card, we were looking to do something that hadn't been done before — providing small businesses instant access to their sales earnings through a business debit card. We needed the right flexible and modern card issuing platform, and the right future-focused network partnerships to make this happen. Marqeta and Mastercard were a huge part in helping us launch and scale this program so successfully, and we're excited to see them accelerate and grow this partnership globally."
>
> Christopher Sweetland, Head of Industry Relations and Payments Operations, Square

The results:

Since launching in 2019, adoption of Square Card has increased every quarter, enabling more and more sellers to access and spend their earnings without transferring funds to an external bank account. In Q3 of 2020, Square sellers spent over $250 million using their Square Cards, and 50% of sellers using Square Card ordered their card in their first month of onboarding, proving that Square Card is viewed as a critical piece of Square's product suite to empower seller businesses. Square has seen an increase in customer lifetime value as a result of sellers being able to accept payments and spend their earnings all from their Square accounts, keeping funds within the Square ecosystem.

"When a client pays me, I can keep track of my expenses by using my Square Card. I just leave it in my Square Balance and spend down. That's way better for me and easier than transferring money to a separate bank account."

Chef Andrea Lawson Gray,
Square customer and user of Square Card
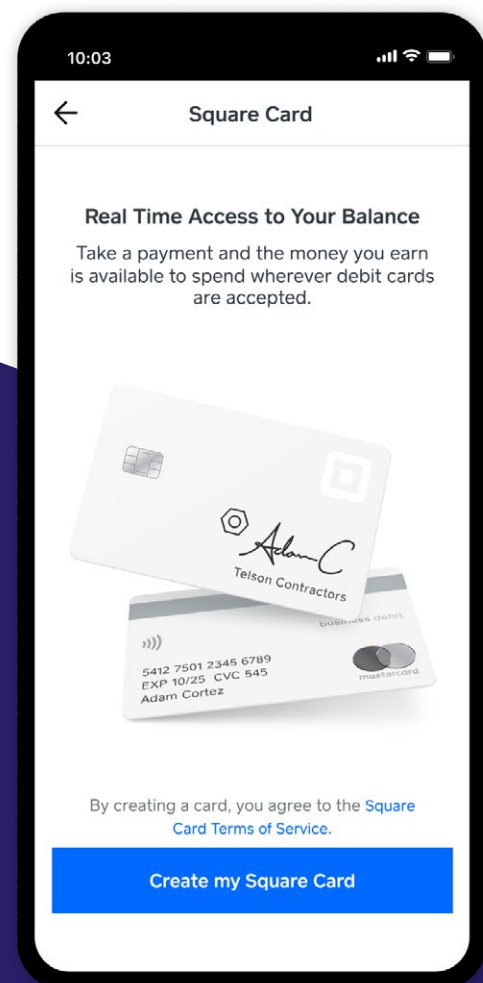
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About Marqeta

Marqeta is the modern card issuing platform empowering builders to bring the most innovative products to the world. Marqeta provides developers advanced infrastructure and tools for building highly configurable payment cards.

With its open APIs, the Marqeta platform is designed for businesses who want to easily build tailored payment solutions to create best-in-class experiences and power new modes of money movement.

Marqeta built its simple, trusted, and scalable platform from the ground up to help companies design seamless payment experiences, streamline purchase flows, and bring products to market faster, while minimizing fraud risk.

Marqeta's payment APIs enable:

• **Card issuing:** Instant issuance of physical, virtual, and tokenized cards with direct provisioning to digital wallets

• **Card processing:** Real-time funding using our Just-in-Time (JIT) Funding feature with dynamic spend controls to reduce fraud

• **Card applications:** A suite of applications and tools that help you build, manage, and run your card program

• **Modern architecture:** Developer-friendly, modern open APIs, cloud infrastructure and webhooks

Marqeta is headquartered in Oakland, California.
For more information, visit **www.marqeta.com**, **Twitter** and **LinkedIn**.

You see a card, we see endless possibilities

» Additional resources

› Get started with our sandbox and explore our developer guides

› Learn more about our work in digital banking

› Contact us to request a demo