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Square Pulls Failed Wallet App as Troubles Mount

By Douglas MacMillan



Square

Square is shuttering its Square Wallet app for smartphones, a sign the mobile-payment startup is struggling to expand beyond its low-margin business of credit-card readers.

Square Wallet was recently pulled from [Apple](#)'s App Store and [Google](#) Play because the app "didn't have a lot of the utility value" for consumers, Square director Ajit Varma said in an [interview](#) with technology blog Recode. The company will continue to support the service for customers who have already downloaded the app.

In its place, Square unveiled a new mobile app called Order, designed to let customers place take-out orders from local businesses and skip the line when they arrive.

"We learned from Wallet that people loved paying with their name and we knew there was more value we could add to the customer experience," a Square spokeswoman said in an email. "We moved fast on this strategy and decided that the most efficient way to add this value was to build a new technology on a more agile platform, hence we built Square Order."

Square is trying to appeal to more consumers and create new lines of revenue as losses in its core business of credit-card readers mount. The company charges merchants 2.75% to swipe cards through the readers, but pays about four-fifths of that money out in fees to payment networks like [Visa](#) and [MasterCard](#).

Square recorded a [loss of roughly \\$100 million](#) in 2013, broader than its loss in 2012, two people familiar with the matter said last month. The closely held San Francisco company has suspended plans for a possible initial public offering and held talks about a potential sale to Google Inc. and others has losses mount.

The new Order app will eventually charge merchants a higher rate of 8% to take orders and process transactions. The service competes with a growing field of food-ordering apps that includes Grubhub and Eat24.

Square has been adding services that could eventually be more profitable than its main payments business. In the past 12 months it began Square Cash, which helps people send money to friends via email, and Square Market, a digital marketplace for small businesses. It also offers Square Register to help stores track customer data and is testing a lending program for merchants who have difficulty getting a bank loan.

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