

Startup Kwedit aims at 'unbanked,' creditless

February 4 2010, By BARBARA ORTUTAY , AP Technology Writer

(AP) -- A new startup called Kwedit wants to help teenagers and other people without credit or debit cards buy virtual goods online.

If it catches on, Kwedit could broaden the market for virtual items and even teach kids about real [credit](#), says CEO Danny Shader, who headed Accept.com before Amazon.com Inc. bought the developer of online payment systems in 1999.

Kwedit (pronounced qwe-dit) works like credit: You promise to pay later to get stuff now. If you keep your promise, your Kwedit score goes up and you can borrow larger amounts of money.

But if you don't keep your promise, Kweditors won't come after you. Although your Kwedit score would go down, your real-world credit score wouldn't, so it won't make it harder for you to buy a house or get a credit card later. It helps that, unlike real-world items, virtual goods have no real value.

You can pay off Kwedit through the mail. Because sending cash is generally discouraged, you can pay cash instead at any 7-Eleven store, or ask someone to pay for you using a credit card.

Games such as "Farmville" and "Pet Society" let users play for free but make millions of dollars by selling virtual add-ons such as seeds and farmland. Last month, Zynga said its players raised more than \$1.5 million for Haiti earthquake victims in five days by purchasing virtual

items.

Kwedit is not the first company to come up with a payment system for those without credit or bank accounts. San Francisco-based Boku Inc. lets users pay for virtual goods using their mobile phones. And many stores sell prepaid cards that can be used for online purchases.

The audience they are targeting is large. According to the Federal Deposit Insurance Corp., an estimated 7.7 percent of U.S. [households](#), or about 9 million, have no checking or savings account - and thus no [debit card](#) to go with it.

More information: Kwedit: <http://kwedit.com>
FDIC report: <http://www.fdic.gov/householdsurvey>

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