

'Square' gives small US businesses an edge

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A woman uses an iPad to shop online. Word is spreading quickly among small American businesses hustling to thrive in tough economic times -- hip young Internet payment service Square will give them an edge. The brain child of Twitter co-founder Jack Dorsey, Square lets anyone take credit card payments using smartphones or iPad tablet computers.

Word is spreading quickly among small American businesses hustling to thrive in tough economic times -- hip young Internet payment service Square will give them an edge.

The brain child of Twitter co-founder Jack Dorsey, [Square](#) lets anyone take credit card payments using smartphones or iPad [tablet computers](#).

Barely one year old, it is used by 750,000 merchants and handles \$2 billion in transactions annually, chief operating officer Keith Rabois told AFP.

The San Francisco-based startup is aiming to snag the 26 million American businesses that do not accept credit cards and is planning to expand outside the United States next year.

Square charges a 2.75 percent fee, on par or lower than merchants would be charged per transaction if they went directly through credit card companies, but has the advantage of no set up costs.

"Square increases the prospect of closing a sale," Rabois said. "In a tough financial time, we make it easier. We remove a lot of the pain from starting a business and growing a business."

Rabois believes Square can eliminate the need for cash registers, eventually letting people run small businesses almost entirely from [iPads](#) using inventory, billing and other features in software.

The company was named after the small, square magnetic-strip readers plugged into smartphones or iPads to allow people to swipe credit cards. It feeds credit card information to free Square software and avoids the need to rent or buy credit card processing equipment.

A Square Card Case application at the iTunes store even lets people run tabs at businesses and pay using just their names.

"You can get a massage, bicycle to the farmers market and never have to pull out the credit card," Rabois said.

Making it easy to begin taking [credit card payments](#) has been a boon for small businesses from sole operators based at homes to brick-and-mortar shops.

Massage therapist Joey Garcia credited Square with being the reason that his client list is double that of a classmate even though both set up

businesses around 18 months ago.

"Since I'm a private practitioner most people think I'm only cash and check," said Garcia, the sole employee of Urban Therapy. "When I tell people I take credit cards also, that changes the whole conversation."

The 37-year-old Apple gadget fanatic uses an iPad to take payments as well as track business finances with Square software.

"When I go to houses, take out my iPad and swipe a card they think it's the neatest thing," Garcia said of the reaction he gets to Square.

"I've turned on other small businesses to it," he added.

Customers who pay using Square get digital receipts sent to them by email or text messages.

Miki Nishihata began using Square in his Hello Bicycle shop in the city of Seattle after it was recommended to him by a hair stylist.

Before that, he opted not to take credit cards because of the expense and hassles such as signing contracts and needing a telephone line.

"Square is very new or small business friendly," said Nishihata, who opened his shop three years ago. "The learning curve is nothing; anyone can do it that has a smartphone."

He did not contain his dislike for traditional commercial payment services and "primitive" technology such as receipt printers and desktop [credit card](#) machines.

Nishihata has gone from dealing completely in cash to 90 percent of his sales being paid by credit cards.

"We've sold dozens of bikes that are \$600 and people don't usually carry that much money," he said. "When people have plastic, people will buy basically anything."

Luis Morales of Humble House Foods in the Texas city of San Antonio started a Square trend at traditionally cash-based farmers markets.

"I was the first to take credit cards and everyone else caught on," Morales said. "Now it is the norm."

Since starting to use Square late last year he has seen holiday season sales jump as being short on pocket money no longer stopped people from buying Humble House pesto, tapenades, hummus and other spreads.

Morales and his wife plan to redesign their Humble Foods farmers market booth in the weeks ahead with influences from Square and consumer electronics giant Apple.

Tables and tent walls will be removed and all sales conducted using Square on iPads, Morales said.

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