

PayPal folds startup into its smartphone wallet

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[PayPal](#) has worked with Card.io to fold its technology into its own [mobile application](#) and decided to buy the company, according to PayPal vice president of global product Hill Ferguson.

"We were simply blown away by the creativity and drive of their employees," Ferguson said in a blog post.

Financial terms of the deal were not disclosed.

Card.io will continue to provide kits for [software developers](#) to build credit card scanning capabilities into applications for Apple or Android-powered smartphones, according to Ferguson.

The technology lets payments be made using data captured from pictures of credit cards taken with smartphone cameras.

"We can't wait to get them involved in helping us change the future of shopping and payments," Ferguson said.

PayPal has been ramping up services tailored for mobile devices as smartphones and [tablet computers](#) weave ever tighter into modern lifestyles.

PayPal faces competition from startup Square, a brainchild of Twitter co-founder Jack Dorsey, and Google Wallet technology for Android smartphones.

PayPal in March started to allow merchants across the world to take payments using smartphones in a direct challenge to Square.

A PayPal Here system currently in "exclusive release" uses a triangle-shaped "dongle" card reader that plugs into mobile devices to let people make purchases.

PayPal Here software also lets shopkeepers take payments by snapping a picture of a card with a smartphone instead of having to swipe it in the dongle.

Square has been a hit with independent entrepreneurs and small businesses as wide ranging as masseuses and taxi drivers to farmers and

bicycle shops.

Dorsey's Square, based in San Francisco, has been lauded since the application and accompanying dongle, the shape of which gave the startup its name, was released in the United States in 2010.

[Google](#) Wallet takes a different approach by letting users store credit card data in secure chips in Android smartphones that can transmit the data to sensors at shop checkout stations.

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