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Credit card app eases transactions

Pocket-size reader connects to buyers' mobile devices

Andrea Rumbaugh/ The Detroit News

Mobile devices are making shopping easier than ever and becoming a growing part of the retail experience in Metro Detroit and across the country.

Among the latest innovations is Square, a free credit card reader that plugs into the audio jack of an iPhone, iPad, iPod Touch or Android phone.

This pocket-size device enables customers to swipe their debit or credit card and make payments to 500,000 vendors nationwide — including about 500 in the Detroit area — through a mobile device.

The app was developed for cash-only businesses, providing them with an alternative to costly credit card readers. Square has no monthly fees or contracts but charges vendors 2.75 percent of each business transaction, said Katie Baynes, a spokeswoman for the San Francisco-based company.

"We really want it to remove any sort of complication or barrier for both the merchant and the customer," she said.

Erik Gordon, professor at the Stephen M. Ross School of Business at the University of Michigan, said using mobile devices for commerce will increase in the future, especially for online purchases from websites like eBay and Amazon.

"This is something that's definitely going to happen because people are increasingly using their phone or mobile device for commerce, and there's this increasing expectation for it to do anything," Gordon said.

Square already has helped small businesses grow, said Baynes, noting some companies using the app have seen sales increases and have expanded their staff.

Detroit-area hair dressers, accountants, photographers and retailers are taking advantage of the app, too, and one local company is even using Square to collect rent.

"We are looking for ways to assist our tenants when cash isn't available," said Carrie Cohen, property manager for Lofts at Woodward Center and Garden Court Condominiums in Detroit, which started using the app last month.

She said Square cuts down on paperwork — collecting checks, stamping checks and writing receipts.

"It makes it so much easier," she said.

DetroitGT, a mobile T-shirt vendor, is another company reaping the benefits of Square.

Owner Christopher Gorski previously honored only cash transactions and would frequently send prospective customers to an automated teller machine.

Often, they didn't return. Now, with Square, he never loses a sale.

"It's fantastic," Gorski said. "It makes taking credit cards very easy."

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Hundreds of firms in Metro Detroit are taking advantage of Square. (Square)

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About Square

What: A free credit card reader that plugs into a mobile device.

Cost: The credit card reader and app are free. Each swipe charges the vendor 2.75 percent of the transaction.

How: Plug the pocket-size reader into the audio jack of a mobile device, and swipe the card.

Next: Square card case, which allows customers to pay without having their wallet. Their phone stores the encrypted credit card information and, with the customer's approval, charges the account by syncing to the Square. It is on a beta rollout and should be available in the fall.

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- Letter to Editor
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