

Square considers developing innovative cryptocurrency wallet device

Article

Square CEO Jack Dorsey [tweeted](#) that the company is considering developing a crypto hardware wallet that would give users greater control over how they store and spend their

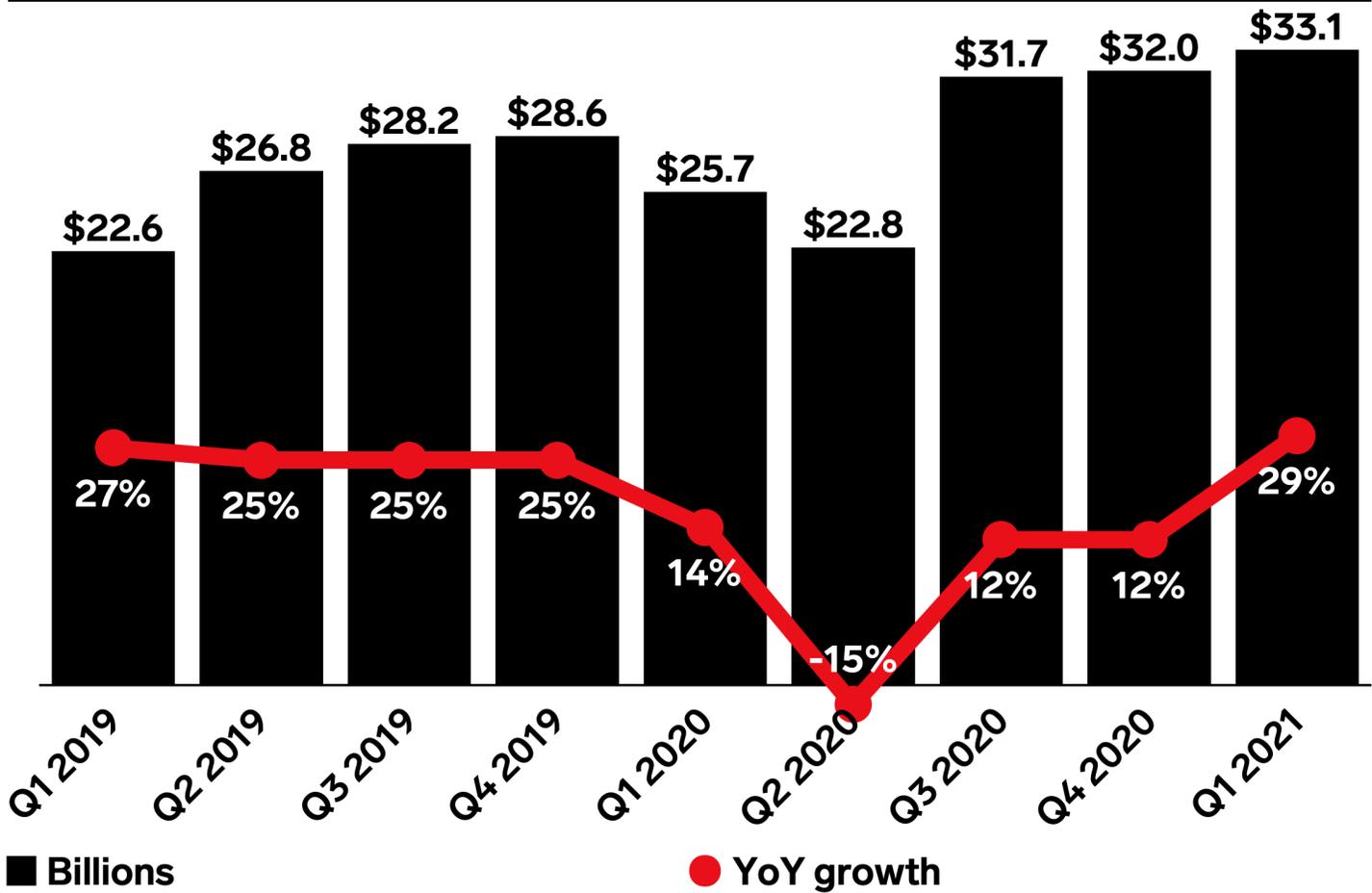
Bitcoin. The hardware would be built “entirely in the open, from software to hardware design, and in collaboration with the community,” which might mean that the wallet could be used outside Square’s ecosystem. Dorsey added that unlike many other crypto wallets and exchanges, the hardware solution would create “assisted self-custody” to mitigate users’ reliance on third parties and protect their cryptocurrency holdings.

Square’s ambitions come as the crypto space widens globally. Eighteen percent of US adults say they will likely use cryptocurrencies to make a purchase this year, [per](#) BitPay and PYMNTS, indicating the payment method is gaining steam. And El Salvadorian President Nayib Bukele recently [announced](#) plans to adopt Bitcoin as a legal tender, which would make El Salvador the first country to do so. And in some parts of Switzerland, residents can use Bitcoin for public services like [tax payments](#). Square’s hardware wallet plan could extend its reach in the growing crypto market and could lead to global collaborations—for example, the firm might lend its offering to countries like El Salvador to provide digital payment solutions to unbanked populations. And while Dorsey’s tweets only mentioned Bitcoin, Square could expand the wallet to include other digital currencies, opening up new use cases.

The proposed wallet could bring in new business opportunities and cement Square as a leader in the crypto space.

- **The device could extend a proven revenue winner for Square.** Bitcoin has been a boon for Square’s revenues: In Q1, the company [reported](#) \$3.51 billion in Bitcoin revenue via Cash App, accounting for more than half of the company’s [total net revenues](#) in the period. Even though it’s unclear if or how exactly Square plans to roll out the solution, device sales alone could generate a viable income stream for the company.
- **The device might also help Square reclaim its competitive edge.** Since making its [debut](#) in the crypto space last November, PayPal has expanded its reach with the [introduction](#) of Checkout with Crypto and its [acquisition](#) of crypto storage startup Curv. It also recently [outlined plans](#) to launch a crypto withdrawal feature. Though Square [entered](#) the crypto scene long before its rival, PayPal’s moves have made it a leader in the space. However, the novelty and functionality of Square’s solution could create differentiation that improves Square’s standing.

Square Gross Payment Volume



Note: year-over-year growth

Source: Square, 2021

Methodology: This data is from Square's shareholder letter published on May 6, 2021.

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