

Zip abandons money management app to focus on turning a profit from core business

Article

The news: Zip is closing its money management app **Pocketbook** in response to “significant changes” to its operating environment, per Business News Australia.

The Australia-based buy now, pay later (BNPL) provider acquired Pocketbook in 2016 for **\$7.5 million**. The app will cease operations and delete its **800,000 user's** information on August 5.

How we got here: Zip was preparing for a year of growth—it announced plans to acquire **Sezzle** back in March, although the deal still faces a shareholder vote. But along with the rest of the BNPL sector, the company is struggling against the current economic backdrop.

- In June, Zip hiked rates for both merchant and consumer fees to help weather growing inflation, rising interest rates, and tightening regulation, per a press release.
- “We have been clear that in response to current market conditions, our strategic priorities are to focus on our core business, both products and regions, and accelerate the group’s path to profitability,” Zip co-founder and CEO Larry Diamond said in the release. Closing Pocketbook plays into that more focused strategy.

Why this matters: Other BNPL firms have also explored money management solutions.

- **Afterpay** [launched](#) a money management app last fall called Money by Afterpay, which includes a virtual debit card and an online savings and transaction account.
- And **Klarna** launched a new service last month dubbed “Financial Overview,” which hosts a variety of money management tools.

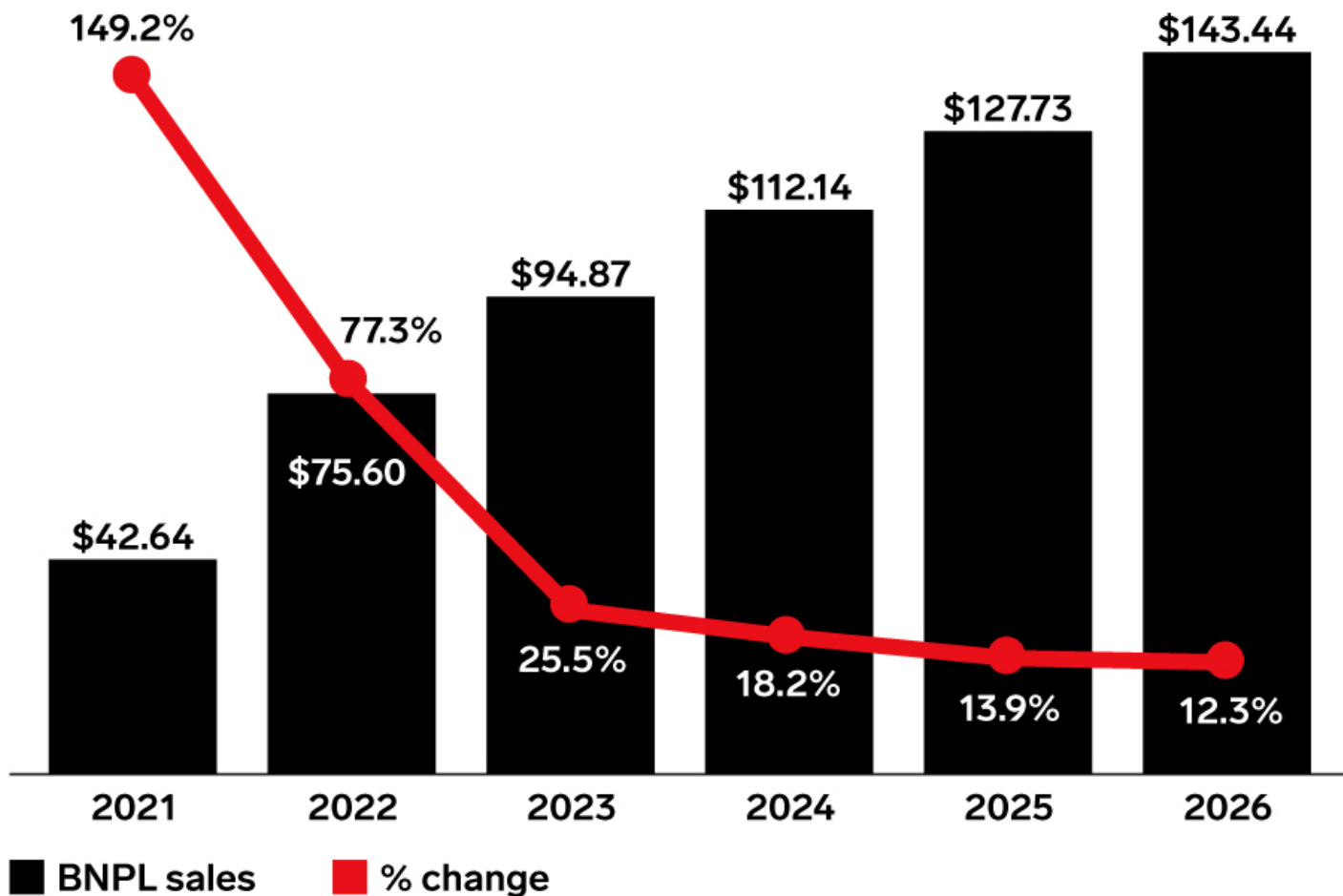
Solutions like these give users a clearer picture of their finances, which helps them make more informed and more responsible purchase decisions. That can mitigate scrutiny regarding the financial risks posed by BNPL products.

Closing Pocketbook could set the BNPL firm back from competitors that offer money management tools, possibly driving its users to other providers. Zip could integrate some or all of Pocketbook’s money management tools into its core app after it’s offline—but the decision may be a sign of more cuts to come from Zip, especially considering a possible recession would lengthen its path to profitability.

Keep reading: To learn more about the current challenges BNPL companies face amidst market volatility, check out our [Era of Uncertainty: Buy Now, Pay Later](#) report.

US Buy Now, Pay Later (BNPL) Sales, 2021-2026

billions and % change



Source: Insider Intelligence, June 2022

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