

Klarna's year of diversification, takeovers, and big valuation drops

Article

The roundup: Here's a look at the biggest trends and stories that shaped Klarna's year.

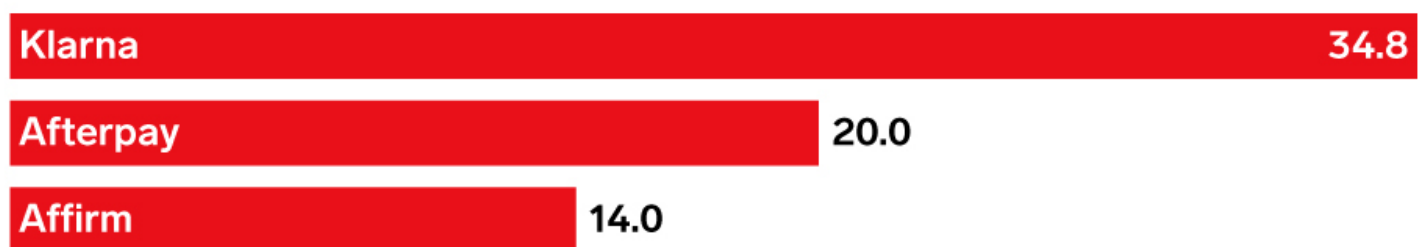
- **It expanded beyond buy now, pay later (BNPL).** Klarna introduced a new [rewards program](#) to strengthen its app features and bolster loyalty. It also [launched a physical card](#) and [Klarna Kosma](#), a business unit dedicated to its open banking platform. Both of these highlight ambitions beyond its core BNPL business amid cost pressures, growing competition, and

regulatory heat. And [Spotlight](#), a collection of new and revamped services including a search engine and video content for shopping, demonstrates its ambitions to become a super app.

- **It used partnerships to branch out.** [Klarna expanded its tie-in with Marqeta](#) to bring physical cards to the US and launched BNPL products focused on groceries. A [partnership in the UK with Deliveroo](#), for example, drew some criticism—but it also helped Klarna widen its reach and revenue streams. Partnerships may become crucial to helping Klarna sustain growth as recession fears mount.
- **Acquisitions became less frequent.** After a [raft of takeovers last year](#), Klarna slowed the pace of buying other companies. One such deal was for Nordic price-comparison firm [PriceRunner](#), which can help Klarna offer more in-app services—like product discovery, price comparison, and product review features.

US Buy Now, Pay Later (BNPL) Users, by Platform, 2022

millions



Note: ages 14+; internet users who have accessed a buy now, pay later account digitally and have made a payment toward a purchase at least once in the past year; includes purchases of goods and services

Source: Insider Intelligence, June 2022

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- **No more growth-at-all-costs mentality.** Klarna still isn't generating profits. [It suffered a pre-tax loss](#) of about SEK 6.2 billion (\$722.2 million) in H1, nearly triple H1 2021's losses. But Klarna's struggle to turn a profit isn't necessarily cause for alarm: It boasts a growing engaged customer base that suggests it has no trouble attracting users. Losses were partly fueled by

its aggressive growth. But Klarna knows it needs to get its finances in better shape: It [laid off 10% of staff](#), about 700 people, in May.

- **Klarna raised money, but its valuation plummeted.** [Klarna raised \\$800 million](#) at a \$6.7 billion valuation in July, a sharp drop from the \$46 billion high it reached in June 2021. The funding haul highlighted Klarna's ability to raise cash to fuel growth, but also laid bare the harsher funding picture. Intensifying competition among BNPL firms and incoming regulation in the [UK](#) and [US](#) also likely contributed to Klarna's lower valuation.

***Dive deeper:** Check out our [US Buy Now, Pay Later Feature Demand Report 2022](#) for analysis on the 49 BNPL features that consumers want most.*

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