

# Klarna brings Pay Now to the US ahead of holiday shopping season

## Article

**The news:** The buy now, pay later (BNPL) giant added a **Pay Now** option to its US checkout experience so customers can pay in full wherever **Klarna** is accepted, per a press release.

Klarna will also introduce the **Klarna Card**—which lets users pay in installments in-store and online—to the US market “very soon.” The Klarna Card integrates into the Klarna app and is connected with its loyalty program, Vibe.

**How we got here:** Both the Pay Now feature and the Klarna Card are already available in much of the company's European market: **50% of Klarna's European volume comes from PayNow**, per TechCrunch. And in October, Klarna **brought** Pay Now to the UK as part of its operational changes to mitigate BNPL scrutiny.

The US expansion feeds into the BNPL player's transformation from a payments platform into an end-to-end shopping hub:

- Earlier this month, Klarna **launched** its super app, which consolidates shopping, payment management, and support for products, delivery, and returns. Adding Pay Now expands its checkout functionality so US consumers can use Klarna for all purchases, whether they want to use BNPL or not.
- This opens up Klarna to a huge new volume opportunity. And launching the card will help Klarna move closer to an all-in-one payments company, which can strengthen users' loyalty to the brand.

**Our take:** As part of Insider Intelligence's **Top Ten Trends for 2022**, we predicted that Klarna's UK overhaul would signal what's to come.

Offering Pay Now helps mitigate mounting concerns about the financial risks involved with BNPL and get ahead of regulators: **More than half of US BNPL users have missed a payment**, per a July 2021 **Marqeta** study conducted in partnership with Propeller Insights.

**Looking forward:** Adding new checkout capabilities opens Klarna up to capturing more retail sales ahead of the holiday season.

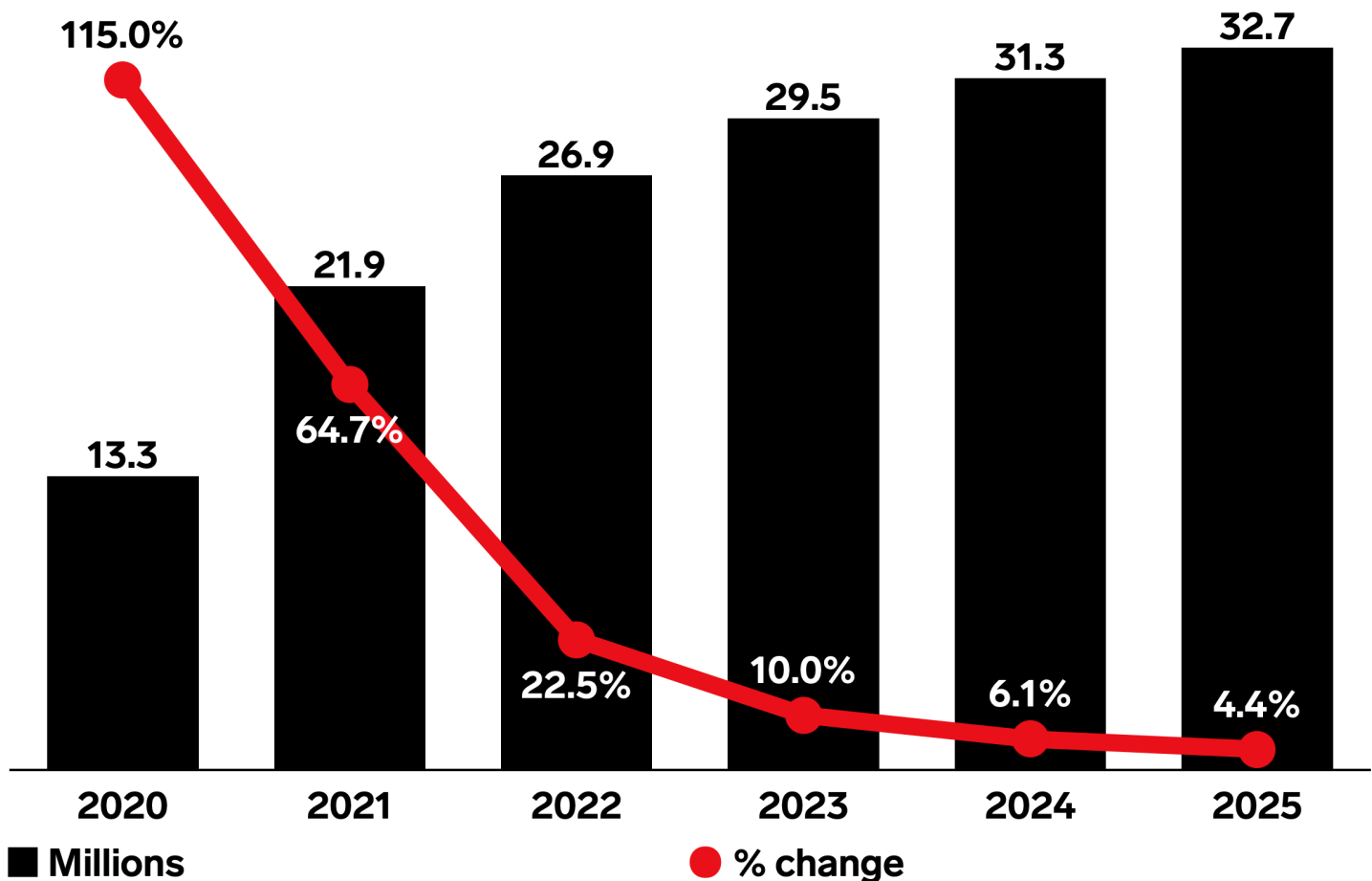
- Total US holiday retail and ecommerce sales are projected to hit **\$1.092 trillion** this year, **according to** eMarketer forecasts from Insider Intelligence.
- And **30% of consumers** plan to stretch their holiday budgets using BNPL offerings, **per** Deloitte's annual holiday retail survey. Given Klarna's reach in the country—the number of US Klarna users is expected to hit **21.9 million** in 2021, **per** our forecasts—the holiday season presents a large growth opportunity for the firm.

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# **Klarna Users**

## *US, 2021–2025*

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*Note: Internet users who have accessed their Klarna account digitally and have made a payment toward a purchase at least once in the past year; includes purchases of goods and services. Buy now, pay later (BNPL) services are defined as interest-free solutions provided by third-party payment platforms that allow consumers to purchase and finance a product or service, and pay in scheduled installments; also known as digital installments, installment lending and point-of-sale financing. Users are typically allowed to pay off balances in weekly, bi-weekly, or monthly installments. Failing to adhere to a predetermined payment plan will usually lead to late fees and interest charges. Consumers access these solutions at the point-of-sale (online or in-person), usually via a merchant's website or app, via the third-party provider's app or via proximity mobile payment apps like Google Pay and Apple Pay. Examples include Affirm, Afterpay, Klarna, Sezzle and PayPal's BNPL service. Excludes services that provide a revolving line of credit, and retailer- and bank-branded financing options.*

*Source: eMarketer, May 2021*

*Methodology: Estimates are based on the analysis of survey and traffic data from research firms, historical consumer adoption and buying trends, payment adoption trends, reported company data, interviews, demographic and socioeconomic factors, and macro-economic conditions.*

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