

Klarna adds credit opt-out feature as UK BNPL debt grows

Article

The news: Klarna users in the UK can now “opt out” of using credit options as the buy now, pay later (BNPL) firm tries to mitigate consumer risks, [per](#) a press release.

- The tool cuts consumers off from using Klarna’s Pay in 30, Pay in 3, or Financing products.

- Consumers who deactivate credit will be taken to a page of resources and support for dealing with indebtedness. They have to call Klarna's customer service team to reactivate the credit options.

Klarna CEO Sebastian Siemiatkowski tweeted the announcement and called on traditional credit providers like **American Express** and **HSBC** to follow its lead and let consumers turn off their access to credit.

The bigger picture: More UK consumers are relying on BNPL as economic headwinds batter household budgets.

- About 12% of UK consumers used BNPL to make a purchase in 2021, per a UK Finance report. That percentage shot up to **more than one-third of UK consumers** by the end of last year, per a Savanta and Centre for Financial Capability survey.
- Some of this demand is correlated with the UK's cost-of-living crisis. Among current and prospective BNPL users, 27% said inflation played a role in using BNPL, per Savanta's survey. Another 29% blamed their inability to afford the purchase price.
- And debt concerns are compounding: **More than 40% of BNPL customers have had to borrow money to repay their BNPL loans**, per Citizens Advice. And one-quarter of BNPL users have been **charged a late payment fee**—a figure that rises to 37% for 18- to 34-year-olds.

Why it matters: Klarna's opt-out tool can help mitigate some of these debt concerns and prevent consumers from spiraling further into debt.

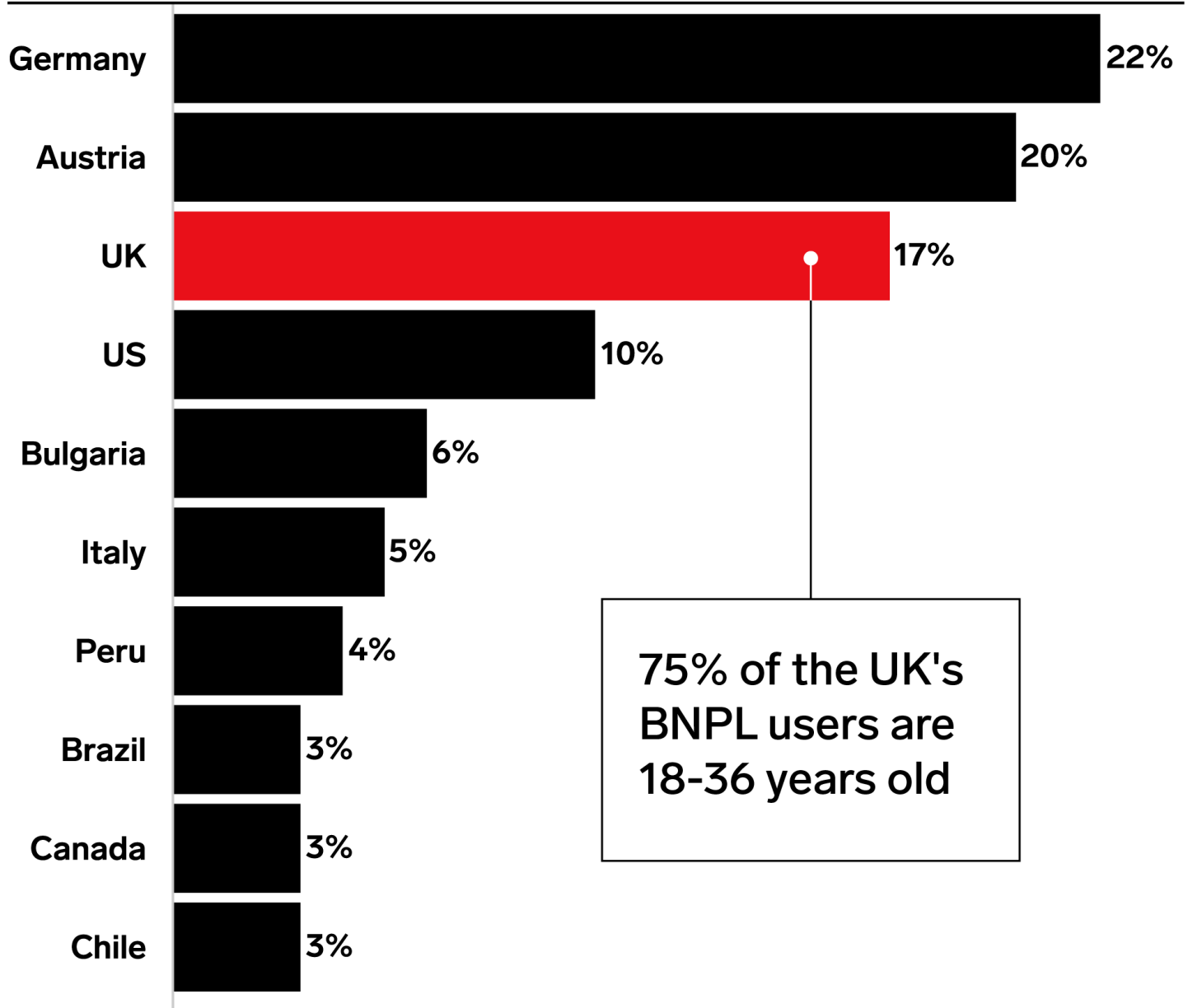
- Knowing they can disable credit may make first-time BNPL users more comfortable with Klarna, expanding its user base.
- It also helps fight against customer attrition: Customers can temporarily turn off their credit access instead of deleting their Klarna accounts and potentially moving on to a different payment provider. It keeps these consumers in Klarna's ecosystem and may lead to more consumers using its other app services.

It should also help Klarna stay one step ahead of lawmakers' concerns as the regulatory debate heats up in the UK.

Digging deeper: To learn more about growing BNPL use and other consumer payment trends, [read our UK Consumer Payment Habits report.](#)

Adults in Select Countries Who Used BNPL Services in the Past Month, April 2022

% of respondents



Note: ages 18+

Source: Paysafe, "Lost in Transaction: Consumer Payment Trends 2022" conducted by Sapio Research, June 29, 2022

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