

Klarna Plus roll-out proves subscriptions are the newest growth tactic for BNPL

Article

The news: Klarna rolled out a subscription service called **Klarna Plus** to US customers, [per](#) a press release.

- The subscription has a **monthly fee of \$7.99** and offers customers waived service fees on its buy now, pay later (BNPL) product.
- It also doubles the points users get with Klarna's rewards program, offering 2 points for every \$1 spent.
- And it includes exclusive deals such as discounts at retailers like **Nike** and **Instacart**, which will total about \$30 in savings per month, according to Klarna.

Why this matters: This launch helps Klarna stay competitive as other BNPL providers are exploring similar subscription services.

- In June, **Sezzle** [launched Sezzle Pay Anywhere](#), a subscription service aimed at financially underrepresented customers.
- Reports swirled in September that [Affirm is readying to launch](#) its own service called Affirm Plus.

The bigger picture: Klarna is preparing for an IPO in the US.

- The BNPL fintech has been on a profitability push ahead of a potential IPO. And it's working: Globally, Klarna **achieved its first quarterly profit since 2019 in Q3 2023, bringing in SEK 130 million (\$11.89 million)**. It also posted a fourth consecutive quarter of gross profit in the US in Q3.
- While the IPO has been suspected for a while, "it's very likely that this is going to happen quite soon," Klarna CEO **Sebastian Siemiatkowski** said in an [interview with Bloomberg](#) earlier this week.
- Klarna could be valued at **more than \$15 billion**, Sky News reported in November.

Klarna Plus can help the company maintain strong growth as it goes public. It will bring in a new and consistent revenue stream for Klarna, bolstering its financial health.

The takeaway: The subscription service model is growing throughout the payments industry.

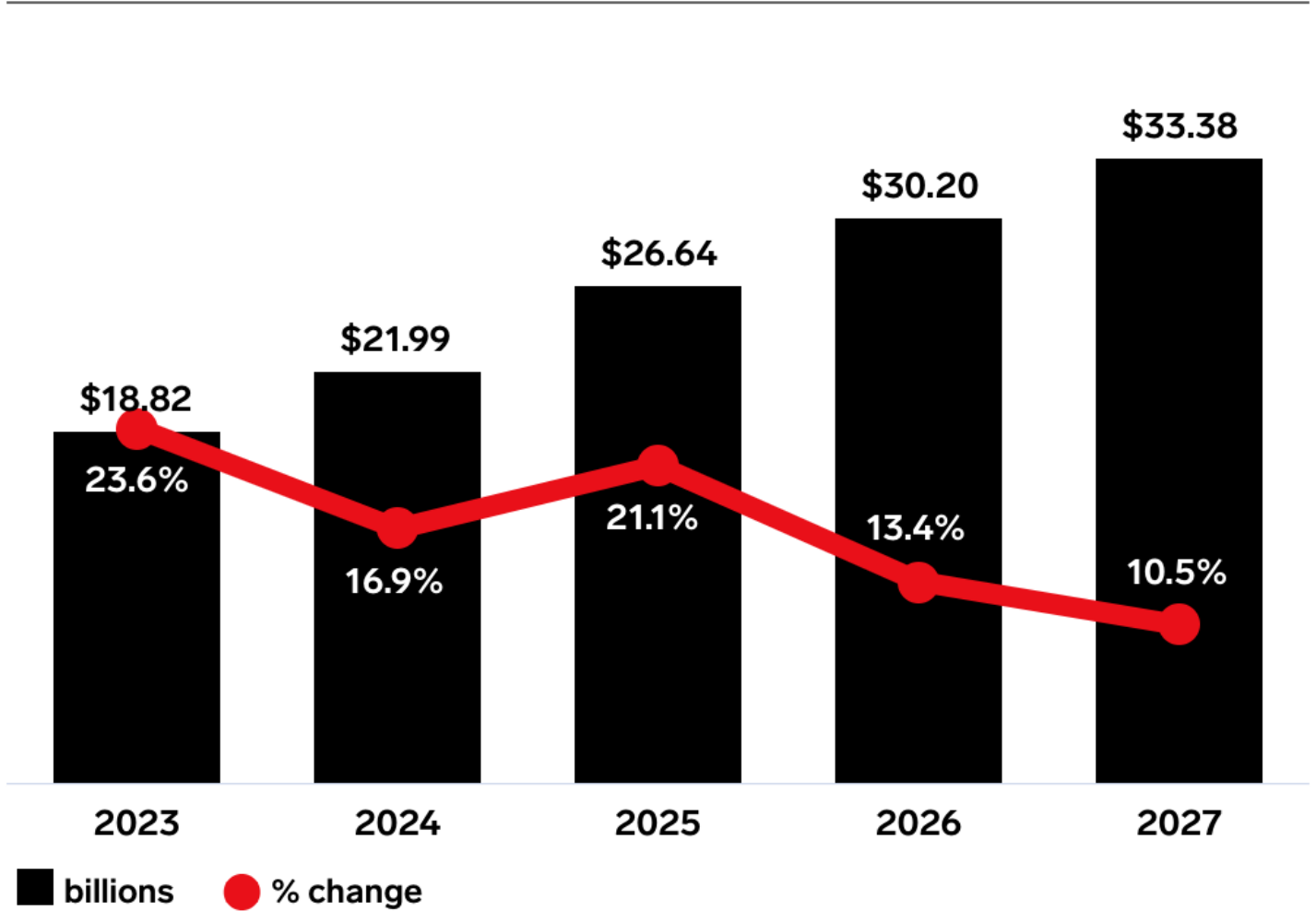
- In addition to coming to BNPL platforms, the subscription trend has extended into the credit card space. **TD Bank** last year [launched TD Clear](#) (a subscription-based credit card that doesn't charge interest), and startup Neu rolled out the **Neu Card** (a subscription-based student card) in October, for example.

- The subscription service model [provides a clear value proposition](#) and payment transparency. Consumers choose to pay an agreed-upon monthly amount for the value the services represent and know what they will pay over its duration.

And they've proved popular: **83% of consumers subscribe to video-on-demand services alone**, [per](#) July 2023 data from Leichtman Research Group.

Klarna Payment Value

US, 2023-2027



Note: includes products or services paid with Klarna; excludes payments such as bill pay, taxes, or money transfers, gambling and other vice goods sales

Source: Insider Intelligence | eMarketer, July 2023

Insider Intelligence | eMarketer

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