

# Klarna unveils financial wellness tool to boost engagement and minimize risks

Article

**The news:** Klarna launched **Money Story** in the US, an app feature that gives users insights into their spending habits in 2022 and offers ways to improve spending and budgeting in

2023, per a press release.

**A closer look:** Money Story resembles [social media stories](#)—popularized by platforms like **Snapchat** and **Instagram**. It breaks down users' spending habits—segmented by month, shopping category, and retailer.

- It includes all purchasing data from the Klarna app, Klarna Card, and at Klarna's partner merchants.
- Money Story asks animated quiz questions so users can reflect on how they spent their money in 2022.
- The feature also integrates money management tools like Klarna's budget tracker to help customers improve their financial habits in the new year.

**Why it matters:** Almost 80% of buy now, pay later (BNPL) users cited some form of financial hardship as a reason for using the payment method in the last 12 months, according to our [US Buy Now, Pay Later Feature Demand Report 2022](#).

The report found that the most in-demand financial wellness features were **viewing all possible fees at checkout** and **receiving monthly spending statements**. But financial wellness is one area where [Klarna lacks](#): It only offers two out of the category's seven emerging features examined in the report—access to a free in-app budgeting tool and an upfront breakdown of how loans are approved.

It may become more important for BNPL providers to offer financial wellness products as [economic headwinds pick up](#), which may put some consumers at higher risk of missing payments.

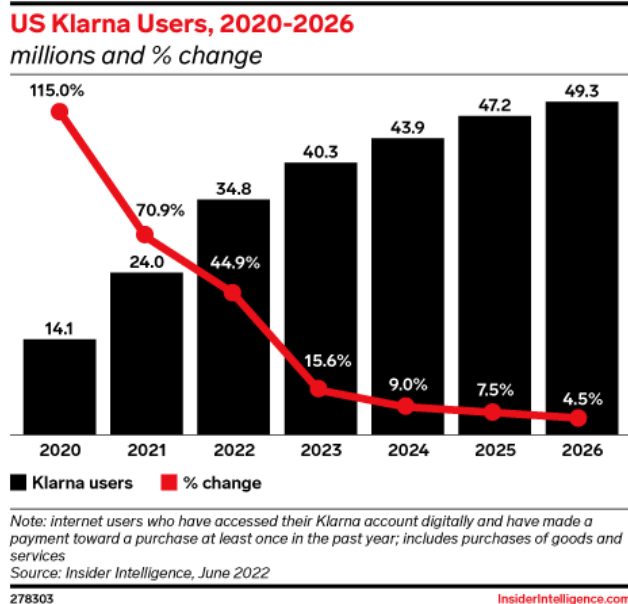
**The opportunity:** Money Story can benefit Klarna in three key ways.

1. **The feature can drive engagement and shore up Klarna's bottom line.** Money Story is interactive and helps customers understand their spending patterns and learn how to manage their finances better, which might make them more likely to use Klarna's app. Helping customers make more savvy financial decisions might also minimize the likelihood of missed payments and delinquencies, which can reduce Klarna's financial risks.

2. **It can help Klarna better compete.** The tool can help Klarna stand out from BNPL competitors, potentially leading to higher market share in the long run as BNPL spending grows: **US BNPL payment volume is expected to increase 25.5% year over year in 2023**, [per](#) Insider Intelligence forecasts. Klarna can also compete more aggressively with banks—many of which have entered the BNPL space and already offer financial wellness tools to customers.

3. **And it might help the firm appease regulators.** With US [BNPL regulation](#) on the horizon, Klarna’s financial wellness tool might help it stay in regulators’ good graces. Many lawmakers have voiced concerns about the financial risks associated with installment lending, so addressing those concerns will likely benefit Klarna down the road.

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