

Klarna keeps looking for non-BNPL features to maintain growth

Article

The news: Klarna is on the hunt for new product features and expanding into different industries to become more than just a payments company as it feels the financial squeeze on buy now, pay later (BNPL) firms.

Klarna's diversification drive: Higher interest rates are making it harder for BNPL providers to find funding and make money as already narrow margins get squeezed, and the risk of customers defaulting on payments is on the rise.

- Klarna has tightened lending standards and [slashed costs](#) to shore up its bottom line.
- It's also secured partnerships with firms like [Buddy](#) to help diversify into more lucrative areas of financial services.
- More recently, Klarna has taken advantage of surging market interest in AI, describing itself as an "[AI powered global payments network](#)" after partnering with [OpenAI on a ChatGPT plugin](#) and launching an AI shopping feed.
- CEO Sebastian Siemiatkowski told [Yahoo](#) that one of Klarna's biggest strengths was its data, which it uses to offer highly personalized shopping recommendations. That'll help it diversify further into new retail sectors and tech.

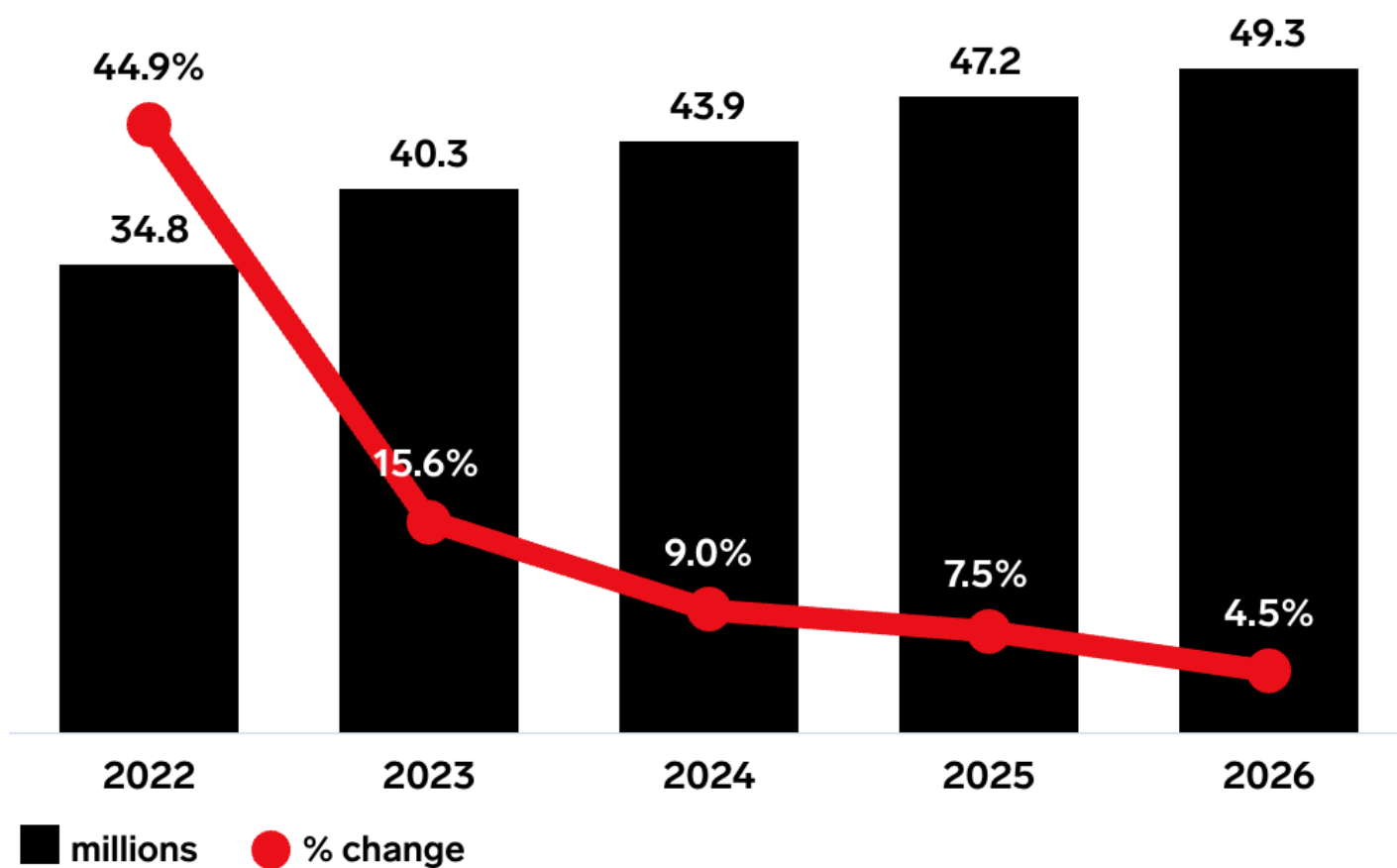
Green is also trending: Klarna's push to build services that complement its core business has led it into sustainability efforts as well.

- For some purchases made using **Pay in 4**, users can now add a \$1 donation to the **WRLD Foundation** to support nonprofits working toward UN Sustainable Development goals, per a press release. The feature is available in the US with plans to launch in other countries. Positioning itself closer to environmental initiatives should bolster Klarna's brand and win favor with shoppers, especially Gen Zers and millennials.
- Klarna also updated its **CO2e tracker** to include information on the emissions from nearly **93 million products**, including raw material extraction, processing, and delivery. The tracker also provides educational tips on extending products' use and cutting emissions. Consumers want carbon clarity: 76% of consumers in Europe prefer to see the carbon footprint of food items, [per](#) IPSOS and Yara.

Our take: Klarna's diversification efforts make sense, but it may risk spreading itself too thin by aiming for growth in too many areas. Rather than focusing on AI, environmental features, retail, and marketing—among others—it may be better off targeting one or two market segments.

Klarna Users

US, 2022-2026



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

Source: eMarketer, June 2022

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