How ‘Sign in with Klarna’ can bring the BNPL provider volume and data advantages

Article

The news: Klarna launched a service called Sign in with Klarna to enable faster online checkout, per a press release.
Klarna said it launched the service because Apple's and Google's elimination of third-party cookies has made it harder for payment services to automatically fill in customer details at checkout.

What's in it for merchants?

- Merchants can use the consented personal data for memberships or to give recommendations based on purchase histories.
- They also don't need to work with third-party services to confirm the customer's identity via email or SMS.
- And integrating the service could help merchants increase conversion rates: 60% of online shoppers will abandon their cart if it takes more than two minutes to check out, per Stripe.

How this helps Klarna: The benefits are two-fold for Klarna—it's both an information play and a payments play.

- Because they're logged in with Klarna, shoppers will be more likely to pay with Klarna; they don't have to input any payment information. Whether they use pay now or pay later, Klarna gets more volume.
- Data monetization is also a vital part of Klarna's business, and this launch helps the firm maintain control over customer information on the web.
- Klarna could also sell that consumer data to advertisers, which may become more valuable in a post-cookie world.

The bigger picture: Innovating its offering and leaning into non-BNPL revenue streams will be crucial for Klarna going forward.

- Many BNPL providers have achieved profitability in recent quarters thanks to efforts like layoffs and reducing risk profiles.
• But these measures won’t grow their profitability in the long term because the interest-free BNPL model is inherently a low-margin business: **BNPL profit margins were just 1.01% in 2021**, per the CFPB.

• Leaning into data monetization can bring in bigger revenues.

• This service can also strengthen brand loyalty to Klarna and increase customer engagement going forward.
Klarna Users
US, 2023-2027

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Note: ages 14+; internet users who have accessed their Klarna account digitally and have made a payment toward a purchase at least once during the calendar year; includes purchases of goods and services
Source: Insider Intelligence | eMarketer, June 2023

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