

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.

- When registering, a consumer chooses what data to share with the merchant and whether to sign up for any merchant-offered membership programs.
- The service then automatically fills in the customer's details anytime they use the option.
- The service is available in 23 countries, including the US, the UK, Canada, and Mexico.

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 twofold 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.

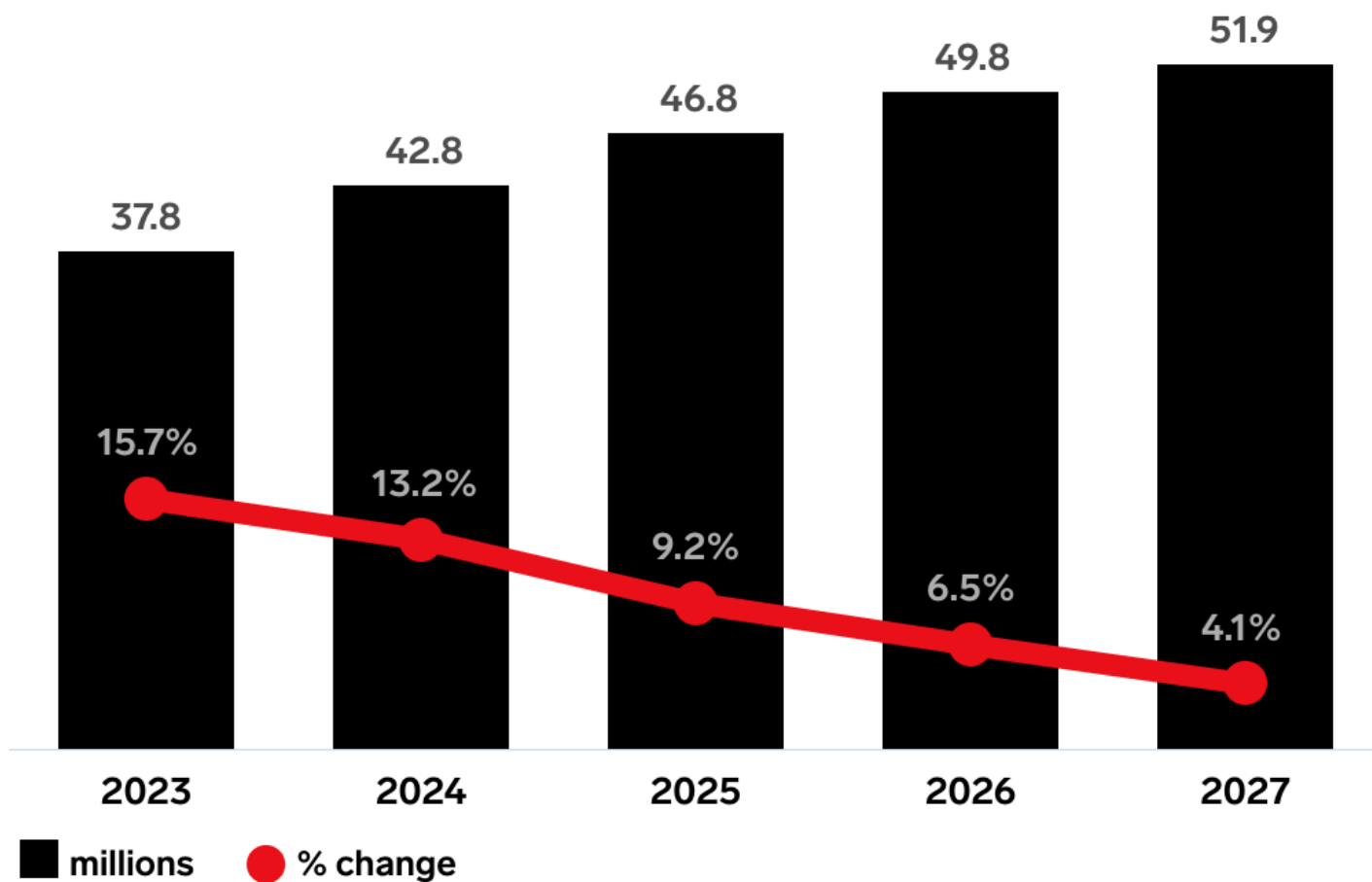
The bigger picture: Innovating its offering and leaning into non-BNPL revenue streams will be crucial for Klarna going forward.

- 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



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

Insider Intelligence | eMarketer

This article originally appeared in Insider Intelligence's Payments Innovation Briefing—a three-times-weekly recap of top stories reshaping the payments industry. Subscribe to have more hard-hitting takeaways delivered to your inbox daily.

- Are you a client? [Click here to subscribe.](#)

- *Want to learn more about how you can benefit from our expert analysis? [Click here.](#)*