

# Klarna strikes new partnerships as credit card competition looms

## Article

**The news:** The Sweden-based buy now, pay later (BNPL) giant bolstered its global presence with new partnerships amid its aggressive growth push.

- **Commonwealth Bank of Australia (CBA).** Through the [partnership](#), any of CBA's **10 million** retail merchants that integrate with **Klarna** will pay no merchant fees for their first six months. Eligible merchants will also get marketing support from Klarna during this period. This

partnership is a huge opportunity for Klarna—which first entered Australia’s **robust** BNPL market in January 2020—and should help expand its retail network.

- **Yoox Net-a-Porter.** The **tie-up** lets customers purchase the company’s luxury clothing and accessories in three or four installments. And with **4.5 million customers** in **180 countries** across four brands, the partnership can give a substantial boost to Klarna’s global volume. Klarna recently secured a number of retail partnerships, like the tie-up with **Petco** **announced** last week, helping attract new users with expanded availability.

**The bigger picture:** Klarna’s aggressive expansion is fueled by gangbuster funding rounds.

Klarna **bagged** **\$693 million** to bolster its US footprint in June, on top of a **\$1 billion** raise in March. It used those funds to acquire **three** companies in July alone. All that activity is paying off: Klarna is expected to hold **48.6%** of US BNPL market share by the end of this year, **according to** our forecasts. And in Q1 2021, Klarna **reported** global merchandise volume (GMV) of **\$18.9 billion**, up from **\$9.9 billion** in Q1 2020. **\$6.9 billion** came in March 2021—a monthly record for the company.

**The challenge:** Competition threatens the growth of BNPL providers as legacy payment players try to reclaim customers.

**Citi** will **launch** a BNPL product in Australia in October, and **Visa** **plans** to launch its own product in the US in “the coming weeks and months.” Canada’s **Scotiabank** just **debuted** a BNPL installment offering that lets credit cardholders convert payments into BNPL plans.

These offerings could chip away at Klarna’s growth and make it harder for the provider to keep its impressive market share. But Klarna is likely banking on its ambitions of becoming a **super app** that’s home to shopping and financial services to keep its user base and fend off competitors by tying customers tightly to the company.

# US Buy Now, Pay Later (BNPL) Service Users, by Platform, 2021

% of BNPL users



*Note: ages 14+; internet users who have accessed a buy now, pay later account digitally and have made a payment toward a purchase at least once in the past year; includes purchases of goods and services; BNPL users are not mutually exclusive; there is overlap between groups*

*Source: eMarketer, May 2021*

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