

# As BNPL providers exit European markets, Klarna swoops in

Article

**The news:** Klarna reached more than **100 million European users** as it strengthens its competitive standing in the region, [per](#) a press release.

- **Gross merchandise value (GMV) increased 14% year over year (YoY)** in Q2 2023, outpacing ecommerce's 1% growth, per Salesforce data.

- And demand is strong for Pay Now, which it recently rolled out in Europe: the instant debit option now accounts for about one-third of all transactions in European markets.
- Klarna is pushing a wide European expansion, launching in 11 markets on the continent since 2020. It now boasts **470,000 European merchant partnerships**.

**The opportunity:** Buy now, pay later (BNPL) is forecast to become a **€300 billion (\$315.4 billion) industry in Europe by 2025**, making up about 11% of the continent's ecommerce market, per Tech.eu. Klarna wants to capitalize on this growth by expanding into high-growth-potential markets.

- Eastern Europe's immature BNPL market offers untapped opportunities for Klarna to grow. It already operates in the Czech Republic, Poland, and Romania.
- Klarna is also seeking in-store partnerships to take advantage of robust BNPL demand in the UK: **More than one-third of UK consumers used BNPL to make a purchase in 2022**, up from just 12% in 2021. The UK government also reportedly backed down from its proposed BNPL regulations, clearing the growth runway.

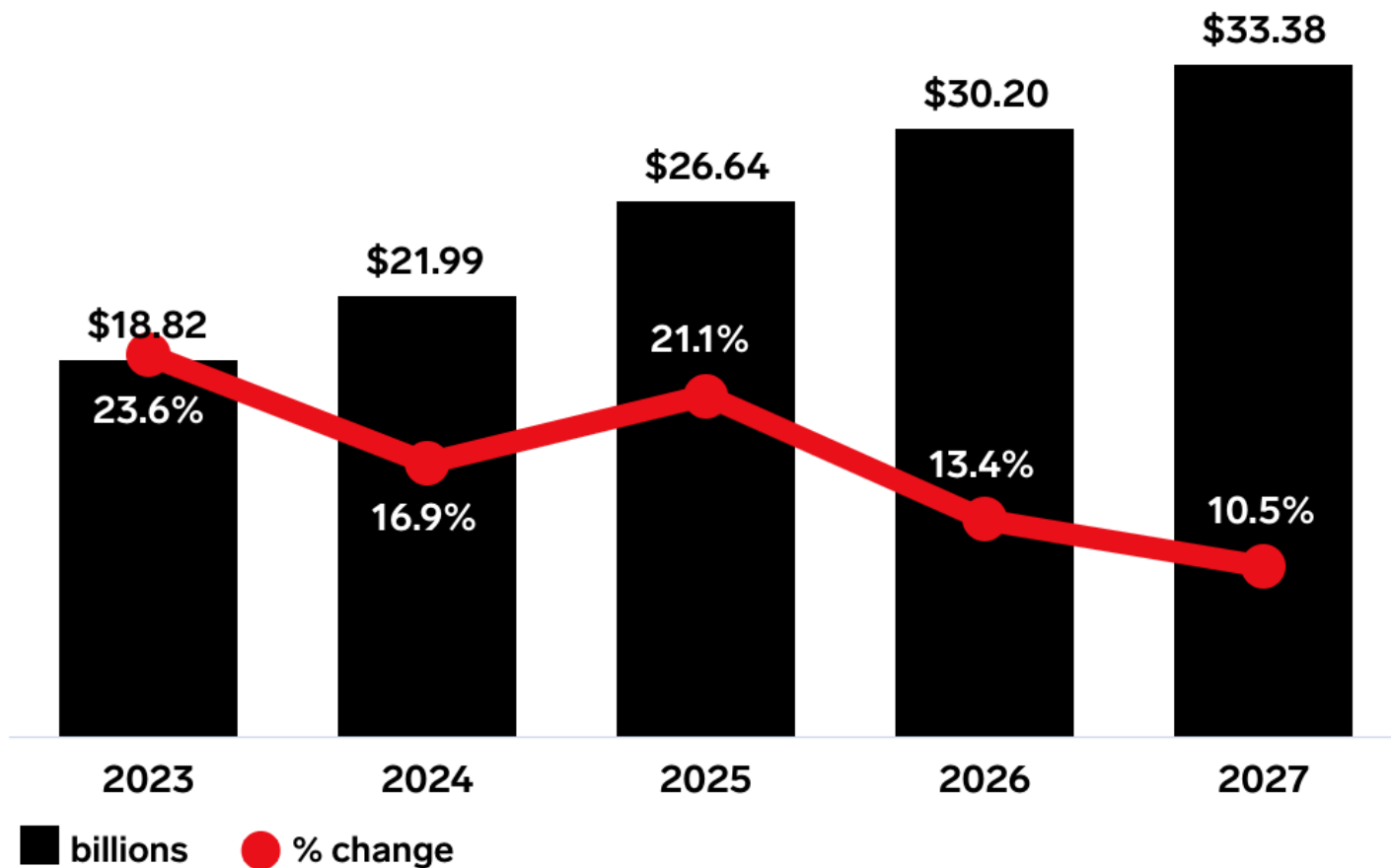
**Why it matters:** Leading BNPL firms have struggled to find profitability. To overcome this, many have taken on cost-cutting measures—including exiting Europe.

- In March, Australian provider Zip abandoned 10 of the 14 markets it operated in, including the UK.
- Afterpay's EU counterpart **Clearpay** also ceased operations in Italy, France, and Spain earlier this month as Block pulled out of Europe.

Other players leaving Europe opens up more market share for Klarna to capture. But risks remain for the BNPL provider as concerns about the global economy and consumer financial health persist.

## Klarna Payment Value

US, 2023-2027



Note: includes products or services paid with Klarna; excludes payments such as bill pay, taxes, or money transfers, gambling and other vice goods sales

Source: Insider Intelligence | eMarketer, July 2023

Insider Intelligence | eMarketer

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