



The Klarna. Playbook

From BNPL pioneer to full-stack financial platform —
how Klarna is transforming the modern retail experience.

Strategy Playbook by



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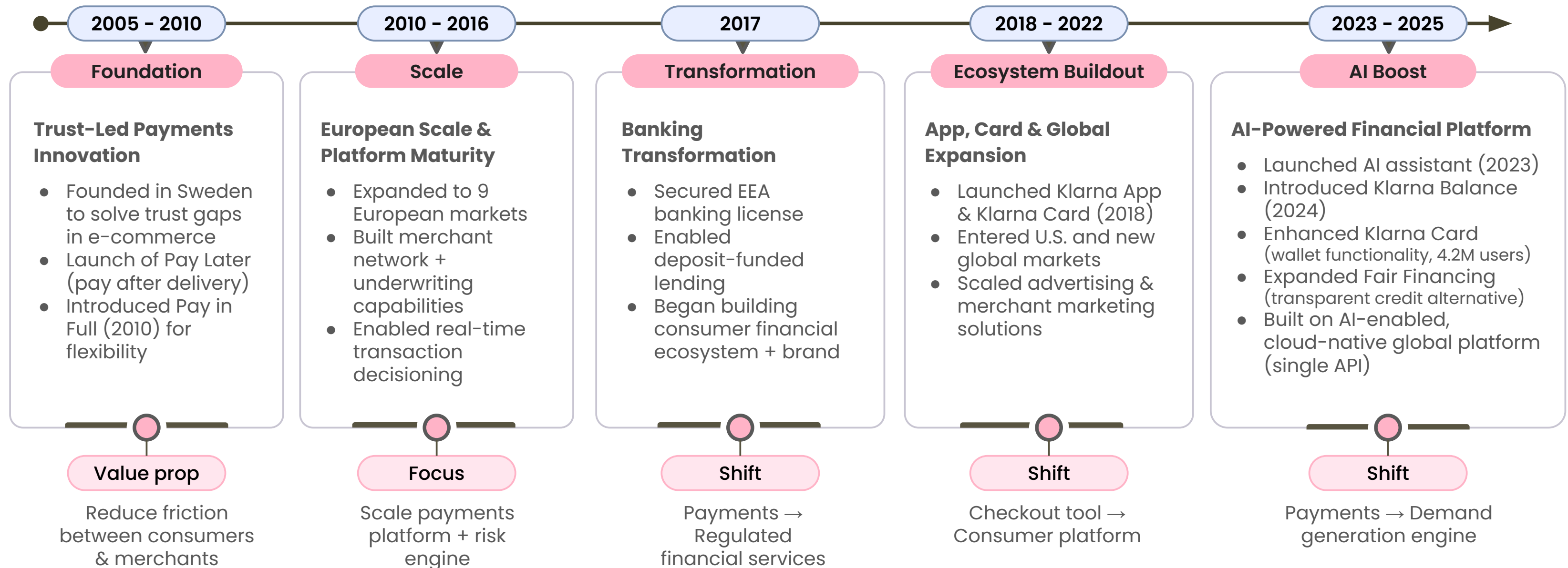
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20 years of evolution: BNPL pioneer to platform player

Klarna’s trajectory reflects a deliberate shift from solving checkout friction to owning the full commerce journey—embedding itself across discovery, payments, and post-purchase to drive frequency, monetization, and customer lifetime value.



Product suite as a flywheel for growth

Klarna has evolved from a BNPL provider into a full-stack commerce and financial ecosystem, where payments, discovery, and banking reinforce each other to drive GMV growth and user stickiness.

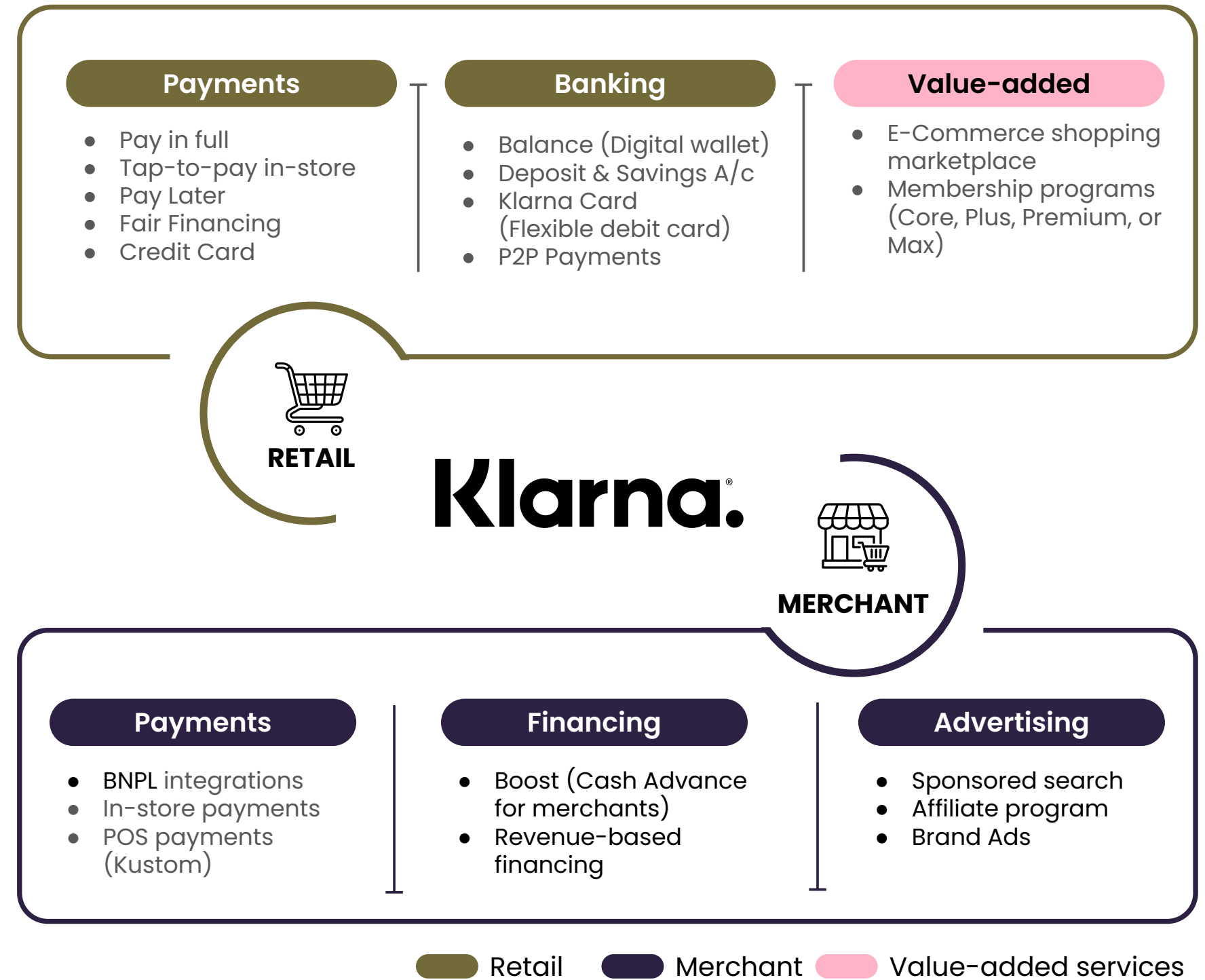
At its core, payment solutions (Pay in Full, Pay Later, Fair Financing) drive conversion and AOV, embedded across channels (App, Card, Apple Pay, Google Pay, in-store) to support “Klarna at Every Checkout” and maximize share of checkout.

Klarna’s engagement layer—AI-powered discovery, price comparison, cashback, and wish lists—positions it as a demand generation engine (~11.9 million daily interactions; 838 million annual leads). Higher engagement drives frequency (+53% for location-enabled users), creating a closed-loop commerce model.

This demand is monetized via advertising solutions (sponsored search, affiliate, brand ads), establishing Klarna as a high-intent retail media platform for its 1M+ merchants.

The Klarna Card and membership program increase ownership and retention by bundling payments, rewards, and financial tools—supporting its ambition to become the default consumer wallet while adding recurring revenue.

Finally, digital banking offerings and merchant tools extend Klarna across the full journey, supported by AI-driven insights.



AI as a Structural Advantage: Four Operating Pillars

Klarna has embedded AI across revenue generation, consumer experience, credit risk, and internal productivity



01

Revenue Acceleration

AI-DRIVEN PERSONALIZATION

- AI-powered shopping feeds surface hyper-relevant merchant content, increasing transaction volume.
- 11.9M daily pre-purchase interactions and 838M merchant leads delivered in 2024.
- Advertising revenue grew from \$13M (2020) to \$190M (2025).



02

Consumer Experience

AI ASSISTANT + OPENAI PARTNERSHIP

- Launched Feb 2024, the AI assistant handles 80% of all customer service chats with no reduction in consumer satisfaction scores.
- Personalized product discovery, price comparison, wish lists, and delivery tracking – all AI-enhanced.



03

Credit Underwriting (ML)

REAL-TIME, FULLY AUTOMATED DECISIONS

- 3.4M daily transactions provide continuous ML training.
- U.S. provision for credit losses: 3.6% of GMV (2021) → 0.63% (2025) – vs 2.89% industry charge-off rate (Federal Reserve, Q3 2025).
- Decisions made in seconds per transaction.



04

Internal Productivity

AI COPILOT + VENDOR REDUCTION

- AI-driven code creation and review, plus reduced third-party dependency, lifted revenue per employee from ~\$344K (2022) to ~\$1.24M (2025) – a 3.6x improvement in 3 years.
- 2.6B SKU-level data points collected in FY 2025 alone.

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Customer & merchant base growth

Klarna’s business model is built around driving merchant growth through interest-free payments. It monetizes primarily via merchant fees and advertising, complemented by consumer credit, within a closed-loop ecosystem that maximizes GMV while maintaining low-risk, capital-efficient growth.

● Active Customers ● Merchants

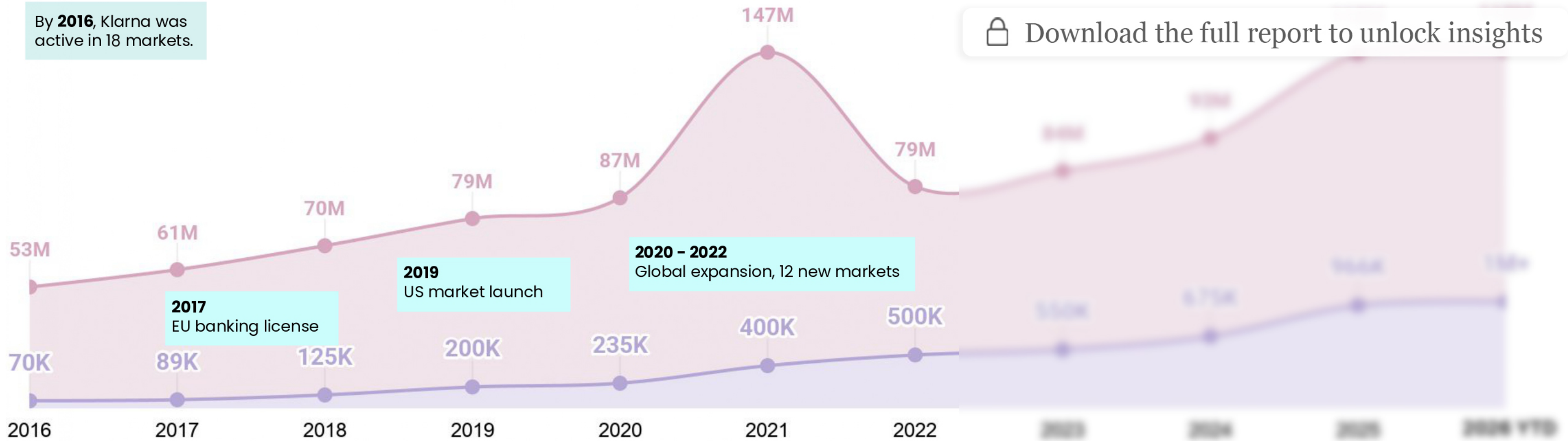
2014 - 2015
Klarna launched in the UK and expanded to the US ushering a new era of growth

By **2016**, Klarna was active in 18 markets.

2021 - 2022
Added 47M customers through acquisitions such as StoCard and PriceRunner

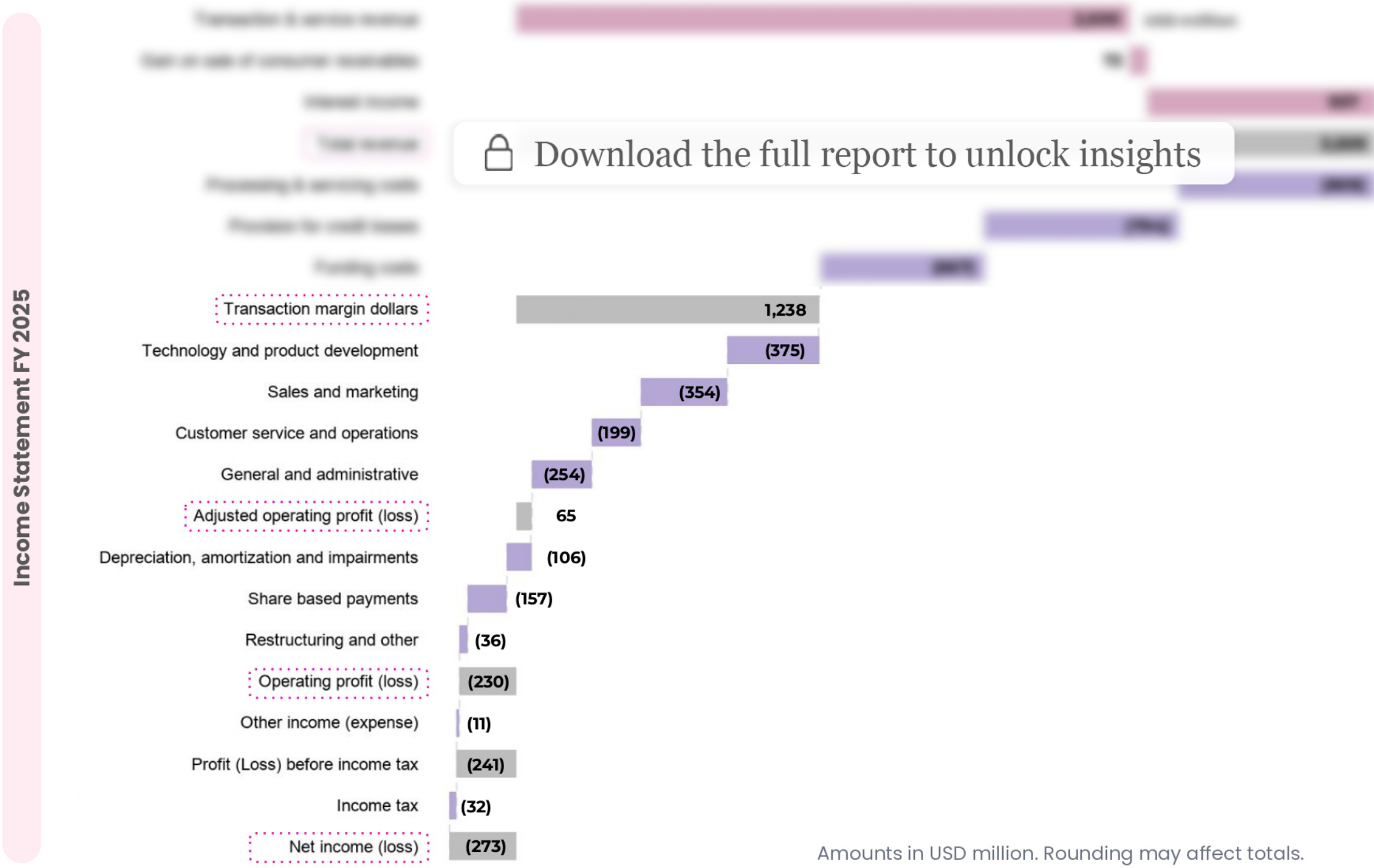
2022 onwards
Klarna implemented strict criteria for active users and underwent a strategic user growth quality over scale

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Strong revenue growth, early profitability inflection

Klarna's FY2025 P&L reflects a transition toward profitability: revenue +25% YoY to \$3.5B, modest adjusted operating profit (~2% margin), but net loss persists due to credit provisions, funding costs, and accounting volatility.



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Klarna's FY 2025 income statement reflects a clear transition toward finding its way back to profitability, supported by strong top-line growth and improving operating leverage.

Revenue grew 25% YoY to \$3.5bn, driven by GMV expansion and continued momentum in the U.S., while cost discipline—partly enabled by efficiency initiatives—allowed the company to deliver a modest adjusted operating profit (~2% margin). However, net profitability remains elusive, with losses at the bottom line due to credit provisions, funding costs, and accounting-related volatility.

Overall, 2025 marks an inflection point where Klarna has demonstrated scalable operating profitability, but earnings quality is still evolving and remains sensitive to credit and macro conditions.

Amounts in USD million. Rounding may affect totals.

Hypergrowth to Discipline: Klarna's Ongoing Profitability Reset

Klarna's revenue trajectory reflects strong and sustained scale-up, growing from \$758m in 2019 to \$3.5bn in 2025, with momentum re-accelerating post-2022.

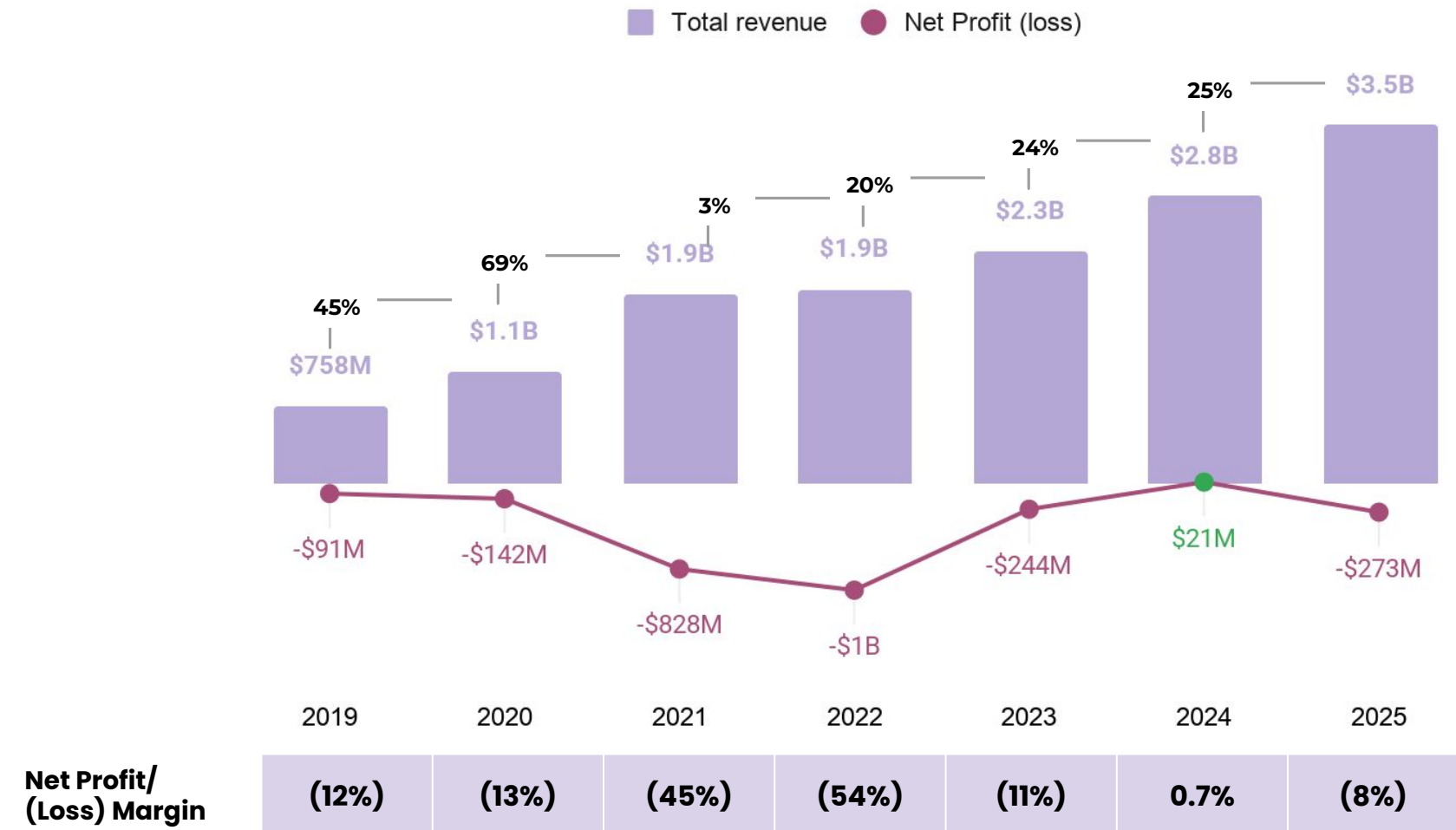
Importantly, this growth came after a strategic pivot—**Klarna was historically profitable prior to 2019**, but deliberately traded off profitability to fund aggressive global expansion, particularly in the U.S., alongside heavy investments in customer acquisition, merchant partnerships, and product breadth. This strategy drove rapid revenue growth but also led to a sharp deterioration in margins, with **losses peaking in 2021–2022 (-54% margin) amid a broader fintech market correction and rising funding/credit costs.**

Since 2023, the company has shifted toward controlled growth and efficiency, tightening underwriting, optimizing marketing spend, and leveraging automation to improve cost structure. This is reflected in the sharp improvement in profitability, including a brief return to net profit in 2024.

However, the slip back to a modest loss in 2025 (-8% margin), even as revenues reached new highs, suggests that while Klarna has reset its operating model post-correction and post-IPO (2025), **profitability is still being calibrated rather than fully stabilized.** Overall, the company is transitioning from a growth-at-all-costs phase to a more balanced model, with clear operating leverage but lingering sensitivity to credit and macro conditions.

Klarna has successfully scaled revenues through aggressive global expansion, but is still in the process of stabilizing profitability after pivoting from growth-at-all-costs to a more disciplined, efficiency-led model.

REVENUE & NET INCOME OVER THE YEARS:



STAY AHEAD OF THE NEXT DISRUPTION

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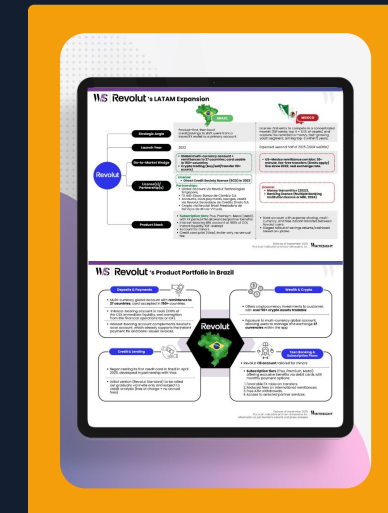
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For the purpose of this report, research was conducted through secondary sources. Desktop research formed the basis of secondary sources, which included analysis of company websites, annual reports, press releases, blogs, social media pages, news articles, industry reports, government publications and statistical data, and information from private databases like Tracxn, Crunchbase, etc. All of the information stated in this report is publicly available information.

For any queries, and to access the underlying data with further coverage and references, please reach out to us at hello@whitesight.net.

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