

Klarna partners with GoCardless for US expansion

Klarna, the global retail bank, payments and shopping service, has chosen account-to-account payments business GoCardless to offer bank debit payments to its over 21 million US customers.

Klarna will use GoCardless for its 'Pay in 4' offering and its financing solution, creating a more convenient shopping experience for customers. Klarna users can initiate their payments earlier or pay everything at once when choosing Pay in 4.

Klarna users who chose to pay via Klarna financing can also give permission to pull funds automatically from their bank account when a payment is due. These debt-free alternatives for purchases reduce the risk of failed or late payments and remove the hassle of entering and updating card details.

This new way of paying taps into the growing trend of US shoppers moving away from traditional forms of credit, with high-interest rates and revolving debt, towards smarter and more sustainable payment methods. Younger consumers in particular have lower adoption rates for credit cards: in the US, Gen Z consumers have an average of two credit cards compared to the national average of three.

Hiroki Takeuchi, cofounder and CEO of GoCardless, said: "We've been proud to work with Klarna in the UK since 2018. From the start, it was clear one of our

value-adds was our global bank debit network, enabling Klarna to access multiple markets through a single platform. After years of phenomenal growth across the world, we're thrilled to be Klarna's bank debit provider as they make further inroads in the US.

"With card fees rising and the appetite for debt dropping, we predict rapid growth for alternative payment methods. Not only does this include making purchases with Buy Now Pay Later, it also extends to how shoppers prefer to pay off their balances - namely through their bank account, whether that's powered by ACH debit or newer technology like open banking. Over the next few years, we expect account-to-account payments to challenge the dominance of cards as they tap into changing consumer demand and provide merchants significant benefits in terms of cost, conversion and churn."

The news builds on GoCardless' presence in the US, a market it entered in 2019. Since then, GoCardless has grown its customer base, which includes DocuSign and 8x8, and opened a second office in New York City to act as the hub for strengthening and scaling the GoCardless payment infrastructure in the US.

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