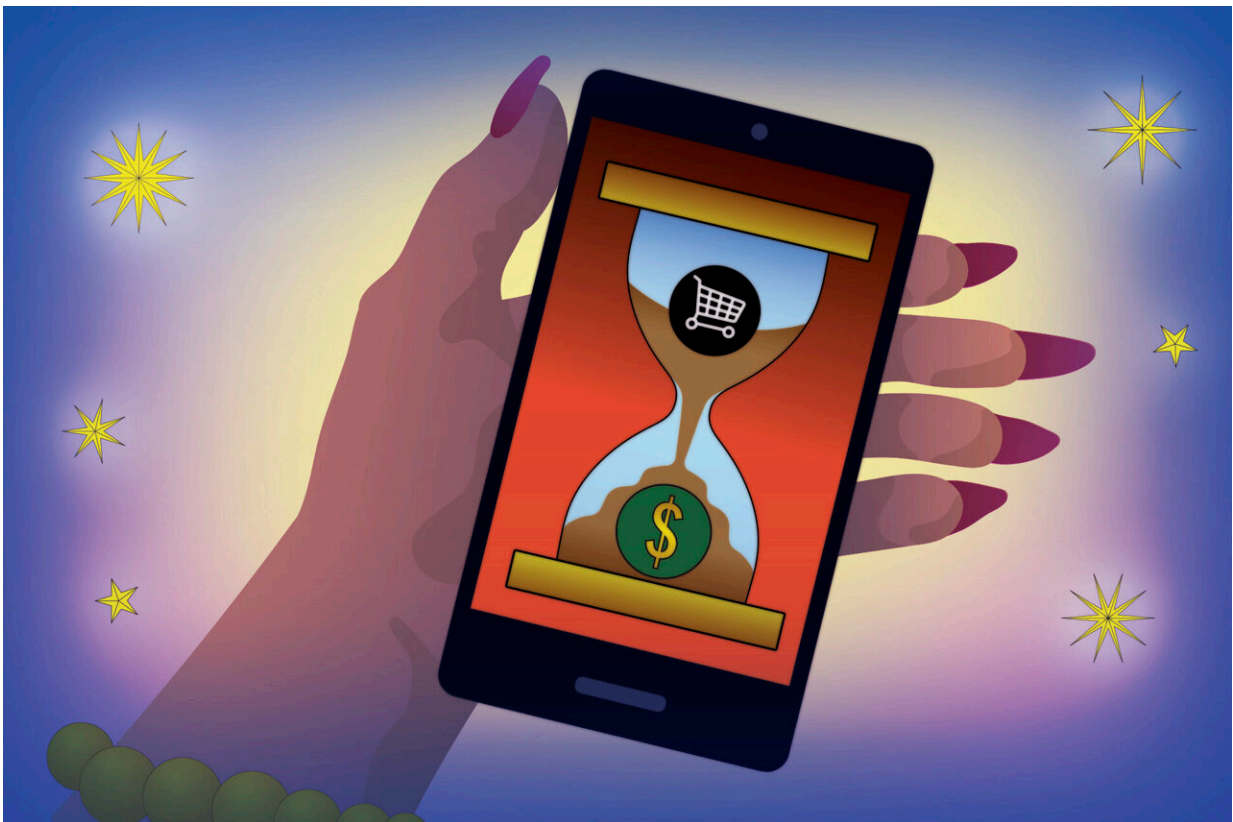


# Klarna CEO Siemiatkowski says buy now, pay later is used by shoppers who otherwise avoid credit

December 18 2023, by Ken Sweet

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Credit: AP Illustration/Peter Hamlin

Sebastian Siemiatkowski is a co-founder and CEO of Klarna, the Sweden-based company that's one of the world's biggest providers of

buy now, pay later services to customers. Klarna started off in Europe and entered the U.S. market in 2015.

Buy now, pay later has become an increasingly popular option for consumers for purchases: its usage is up 10-fold since the pandemic and U.S. regulators see it as potentially a more sustainable way for borrowers to pay for purchases instead of using credit cards.

Siemiatkowski spoke to the AP about how popular buy now, pay later has gotten since the pandemic, why consumers are choosing it and how the company is using [artificial intelligence software](#) in how it hires. This interview has been edited for length and clarity.

## **Q: You operated in Europe for several years before coming to the U.S. What made you come here?**

A: As we were considering coming to the US, we identified that there was a fairly large group of U.S. consumers that they called self-aware avoiders, people had been burned by the bad practices of [credit cards](#). We found there is a fairly big audience that is preferring to use debit but occasionally want to use credit on single occasions and where buy now pay later, you know, fits them really well.

## **Q: How are merchants adapting to buy now, pay later as an option?**

A: Merchants are getting access to customers that they may not have had access to before, through the option of getting interest-free credit. So these [merchants](#) are seeing higher order value and more spending. Roughly 20% of the [spending](#) volume for Klarna is now coming through our own app, but it allows the merchants to keep operating their own websites, so they can control how they present their items, how they are

produced.

## **Q: How's the health of the consumer?**

A: While buy now, pay later is growing as a payment method, I've been talking to retailers and the overarching numbers have been slightly more difficult for retailers than last year. We saw on Black Friday that sales were driven, by a large degree, by discounting. So, it's a bit of a tougher macroeconomic environment climate we are looking at.

We have [credit](#) card debt back at \$1 trillion in the U.S., so I feel like we are at the end of the economic cycle and a tougher environment for consumers. Fortunately, we haven't seen a rise in unemployment, which would be even tougher.

## **Q: Klarna announced a hiring freeze in November, citing the use of artificial intelligence as a reason to hold off on creating new positions. What is the background and reason for this decision?**

A: We became one of the first corporate customers of OpenAI when it launched earlier this year and we have been using it across the entire organization. But as a CEO, you cannot entirely predict how a technology would be applied and what and where it will have the biggest impact. So what we are doing is encouraging different teams to use it as much as possible and double down on where it really has worked.

One place we have been able to use AI is a software called DeepL, which does basically flawless translations in a number of languages. We operate in more than 20 languages, and that can be quite complex. So now we communicate entirely in English internally and have DeepL translate for our external communications, like for dispute management

or customer service.

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