MARQETA

» **Case study**

Klarna

Klarna brings freedom and flexibility to millions of online shoppers with modern payments

Industry:
Point-of-sale Financing

Features:
Virtual cards, JIT Funding, open APIs, global expansion

Background:

In 2005, when Klarna was founded, shopping online was considered complicated and unsafe by many, as consumers hesitated to leave their credit card details online and pay merchants in advance.

The founders of Klarna set out with the ambition to make online shopping safe and simple by enabling consumers to pay after delivery while Klarna paid the merchants upfront. Their initial business idea remains as relevant today as ever before, and Klarna has since evolved into one of the largest European banks and a seamless, one-click payment and shopping experience that brings over 200,000 merchants together with 85 million consumers in 17 countries.

In the U.S. and Australia, Klarna's app allows consumers to shop at any merchant they want and pay with Klarna. Once they choose a store and proceed to the checkout with their merchandise, Klarna issues a Ghost Card — a virtual card which gives the merchant an immediate payment while empowering consumers to buy what they want today and pay later with interest-free installments over time.

Klarna partners with Marqeta to ensure that they can deliver an exceptionally smooth shopping experience in-app for their consumers. Marqeta's technology platform, open APIs, and expertise in card issuing helped Klarna launch a large pilot program in the U.S. in weeks, followed by a successful launch in Australia.

Klarna.

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Limited Use Virtual Card

VISA
Purchasing
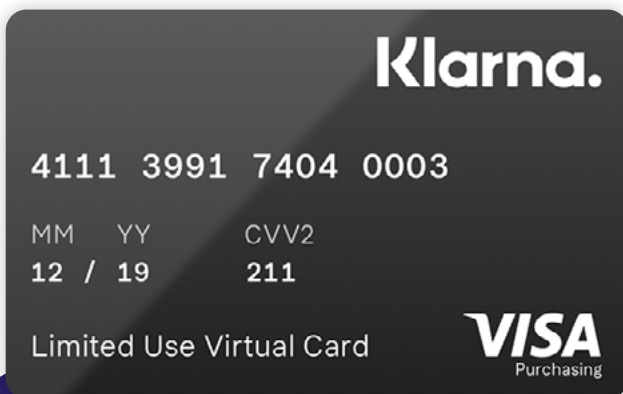
Today, Klarna gives millions of consumers the flexibility to pay when and how they prefer through direct payments, pay after delivery options, and installment plans.
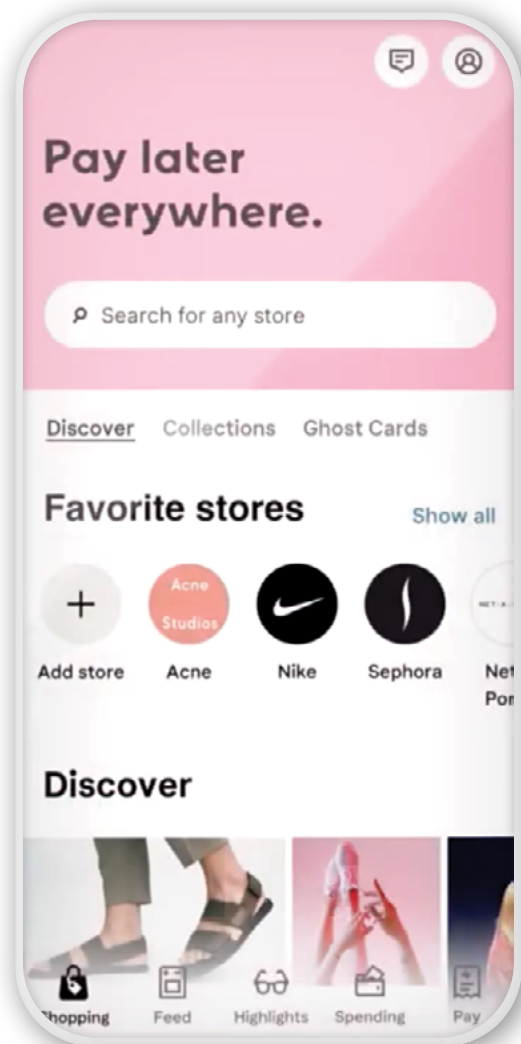
The problem:

Address the complexity and non-transparency of online shopping

The challenge for Klarna was to give consumers a better shopping experience online by offering simple and safe solutions that empowered consumers with more financial freedom, control, and the flexibility to purchase what they want, when, and how they want it.

Without Klarna, consumers would have to endure the hassles of navigating the complicated, non-transparent, and time-consuming multi-step buying process. With Klarna, online shoppers have the flexibility and simplicity to purchase the items they want with buy now, delay payment until delivery, or purchase with installments, all through the Klarna app in a few easy clicks.

> "Marqeta's platform and APIs make it simple and fast to give our customers the freedom, control, and flexibility to choose when and how they pay for their favorite purchases."
>
> Kamil Hakim, Senior Engineering Manager at Klarna

The problem:

To deliver their vision, Klarna needed to find a strategic partner who could:

Bring a modern card issuing platform and open APIs that could be easily customized

Issue virtual cards in real time that can be used at all merchants for a frictionless customer experience

Deliver control over card issuing and authorization with Just-in-Time (JIT) Funding

Reliably meet aggressive U.S. and Australian launch dates and growth targets

Klarna needed a partner that could match their innovation while delivering the technology, speed, and reliability for a pivotal U.S. and Australian launch in record time.
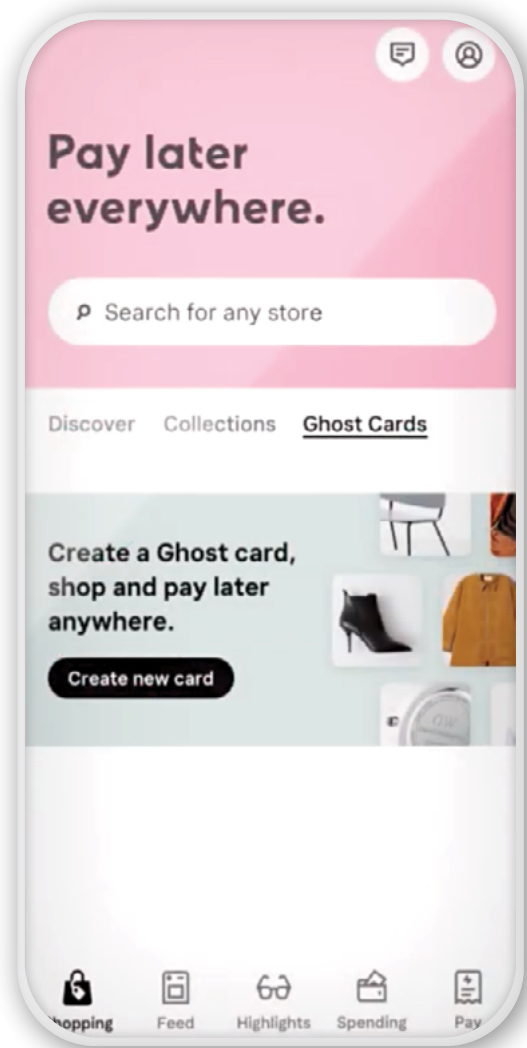
> "We love working with Marqeta. Their ability to work at speed, cut through complexity, and always have the end consumer experience at heart, perfectly matches how we work at Klarna. Our close collaboration in bringing an entirely new product offering and shopping experience to the Australian market in record time has been a big success."
>
> Koen Köppen, CTO at Klarna

The solution:

A modern tech platform with card issuing expertise

Robust, flexible technology

Marqeta's modern platform and open APIs empowered Klarna to customize unique customer experiences simply and quickly. Before Marqeta, designing and integrating new experiences was a costly and time-consuming effort for Klarna. With Marqeta's open APIs, Klarna's engineers self-serve and make changes in real time, avoiding the complexities of traditional ISO formatting for API calls for card issuing.

Fast movers with reliability at scale

Marqeta was asked to launch a large pilot program in the U.S. quickly. Klarna was looking for a partner with expertise, a flexible platform, and a team that could execute reliably. Klarna found that with Marqeta. Additionally, for Klarna shoppers to have the best customer experience, reliability is critical. Through their launch experience with Marqeta, they now trust that they can rely on Marqeta's 99.99% reliability at scale.

Product vision partner

To ensure that Marqeta is ready to stay on pace with Klarna, Marqeta's customer success team is working closely with Klarna to stay aligned with the company's product innovation and growth goals.

Card issuing and processing expertise

Klarna chose Marqeta because the team brought deep expertise in card issuing, and the technology allowed control over the entire transaction flow, from card issuing through transaction authorization with JIT Funding.

Global expansion

Marqeta is a strategic partner that provides solutions to help Klarna grow. Klarna partnered with Marqeta to launch its U.S. operations successfully, quickly followed by its Australian launch. Moving forward, as Klarna expands to new geographies, they can leverage Marqeta's platform to move existing programs from country to country in a "build once and grow" model.
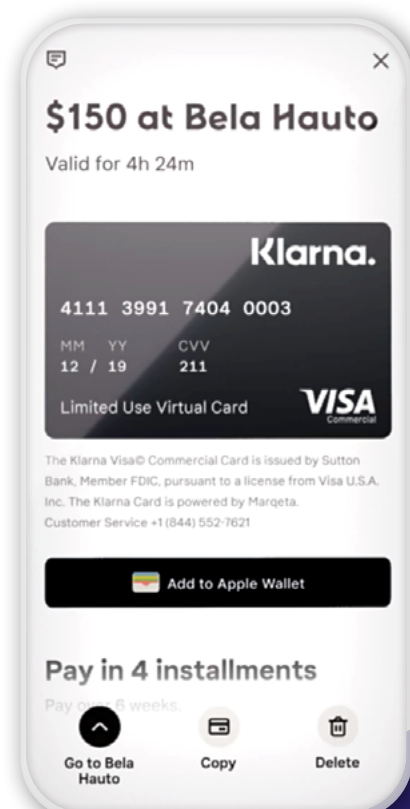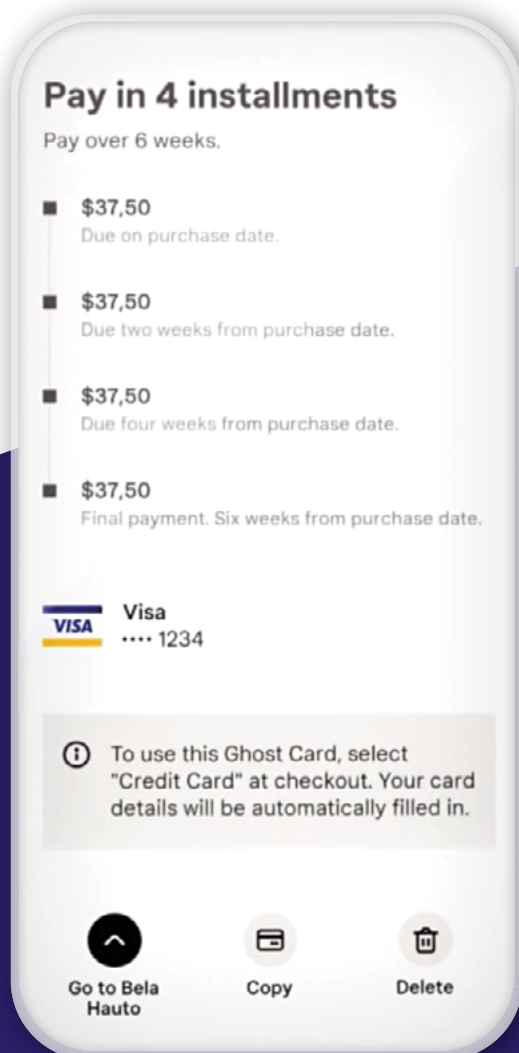
The results:

Making payments simple, smooth, and safe

Marqeta powers the Klarna Ghost Card. The Ghost Card is Klarna's proprietary, instant issue virtual card that adds a layer of flexibility and control. For consumer online payments from the convenience of your smartphone.

Ghost Cards continue to grow in popularity and consumer usage of the app and Ghost Cards have grown significantly following the launch in the U.S. and Klarna's entry into the Austrilian market. Since Klarna launched on the Marqeta platform in early 2019, their transaction volume has approximately doubled every quarter.

Pay in 4 installments
Pay over 6 weeks.

- **$37,50**
  Due on purchase date.

- **$37,50**
  Due two weeks from purchase date.

- **$37,50**
  Due four weeks from purchase date.

- **$37,50**
  Final payment. Six weeks from purchase date.

VISA **Visa**
•••• 1234

ⓘ To use this Ghost Card, select "Credit Card" at checkout. Your card details will be automatically filled in.

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"Our developers really like the platform, and the reason for that is that the documentation is really well written. The APIs are very well designed, so it's easy to understand. It's built on cutting-edge technology, like SOAP messages, JSON, REST, and this is something that a top modern company like Klarna expects from our partners."

Kamil Hakim, Senior Engineering Manager at Klarna

MARQETA

About Marqeta

Marqeta powers modern payment solutions for companies, innovating new services and process flows in a digital world.

Our platform, open API, and advanced analytics provide unprecedented control for companies to issue cards, authorize transactions, and manage payment operations with ease. Highly configurable, secure, and reliable, Marqeta built its technology from the ground up to help companies bring products to market faster, design seamless user experiences, streamline purchase flows, and reduce fraud risk.

We enable modern payment solutions for:

• Instant card issuing of virtual, tokenized, and physical cards

• Real-time funding using our exclusive Just-in-Time (JIT) Funding feature

• In-app provisioning to digital wallets and customizable webhooks

• Full program management resources and PCI compliance tools

• • Actionable data insights, reporting, and advanced analytics tools with our applications

Marqeta is the global standard for modern card issuing.

» Additional resources

> Get started with your sandbox

> Discover hands-on tutorials in our developer guides

> Learn about our work in Point of Sale Financing

> Contact us to request a demo