

London fintech unicorn Zilch poised to begin wave of layoffs as downturn hits buy now pay later sector

L
[ondon fintech](#) company Zilch is poised to begin a wave of layoffs as the buy now pay later business wrestles with the impact of recession and rising interest rates, the Standard has learned.


The Victoria-based “[unicorn](#)”, which was valued at \$2 billion in a funding round earlier this year, is set to start a restructuring which could see dozens of staff – amounting to more than 10% of the workforce – being laid off, while new recruits set to join the firm report having their offers rescinded as part of the plans to reduce the headcount.

One ex-employee writing on the online job board Glassdoor complained of bad morale as a result of the layoffs, thought to exceed 30. Another person responsible for staff resourcing was reportedly frozen out of their work email account mid-way through recruiting new employees, and forced to explain the redundancy situation to a new recruit through [LinkedIn](#) messages.

The once fast growing BNPL sector has been hit by the consumer downturn and the rising cost of the finance used to fund interest free credit offered to shoppers.

Zilch’s rival Klarna has seen its valuation plunge 85% from \$45.6 billion earlier this year to just \$6.7 billion as investors weighed the prospects for the firm after higher interest rates squeezed its profits. The Swedish fintech giant has also made a series of layoffs in a bid to cut costs.

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Klarna co-founder Sebastian Siemiatkowski said in a Tweet in July: “As investor sentiment shifts it is time to return to profitability. What doesn’t kill you makes you stronger.”

Data from LinkedIn suggests the number of staff at Zilch is down compared to earlier in the year, while hiring in November is at an all-time low. Emails sent by the Standard to a number of employees understood to be working at the firm up until recently have bounced.

Latest Companies House accounts for Zilch show it made a loss of £8.4 million on revenue of £700,000 for the year to March 2021. The company was founded in 2020.

A spokesperson for Zilch told the Standard: “In just 24 months since launch, Zilch has created over 250 new jobs, gained millions of customers at record speed and recently turned gross profitable.

“But in the last year the world has changed, and any business that thinks it’s immune to this historic economic change is mistaken. With millions of customers depending on us, we must continue to drive towards bottom-line profitability.”

There have been close to 140,000 layoffs at tech companies since the start of 2022, according to redundancies tracker

site Layoffs.fyi.

Zilch told the Standard it was still planning to hire 20 people into new roles while a consultation process over the redundancy programme was ongoing.