

Klarna response to the Dutch government's consultation on the implementation law of the revised consumer credit directive (EU) 2023/2225.

May 2025.

Klarna.

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Amsterdam, 12 May 2025

Dear Minister Heinen,
Dear Madam, Dear Sir,

Klarna welcomes the Dutch government's consultation to transpose the second European Consumer Credit Directive (CCD2) into Dutch law, thereby effectively providing a clear regulatory framework for Buy Now Pay Later (BNPL) products in the Netherlands and, as a vocal and longstanding champion of regulation, we welcome the opportunity to provide views on this consultation on draft legislation.

Introduction.

Klarna is an AI powered global payments network and shopping assistant, on a mission to accelerate commerce. We're committed to providing a seamless and secure shopping experience that helps our consumers save time, save money and worry less.

Founded in 2005 in Stockholm, today Klarna is live in 26 countries with over 93 million global active consumers completing over 2.9 million transactions per day. More than 675,000 global retail partners have integrated Klarna's innovative technology to deliver our seamless shopping experience.

In the Netherlands, our products provide choice for consumers, depending on their needs. From immediate payment with 'Pay in Full' or up to 30 days later with our interest-free 'Pay in 30', or split the cost into three manageable interest-free monthly instalments with 'Pay in 3' over 60 days.

Overview.

We welcome and champion the additional consumer protections that will come with regulation. This will raise standards across the industry in safeguarding consumer rights - something Klarna has always called for - and simultaneously drive fair competition. Klarna is already working to the highest standards in the sector, having instigated the BNPL Code of Conduct to uphold high standards ahead of the CCD2 regulation.

We welcome the Dutch government's consultation and appreciate the recognition that not all credit products carry the same level of risk and thus require a differentiated approach. **We are pleased to see the levels of proportionality in regulatory obligations and targeted consumer protections** for lower-risk credit products such as BNPL, as set out by the European text. Klarna's BNPL products are highly transparent, short-term repayment solutions that do not allow revolving debt, encourage responsible spending, and place limits on spending. We perform strict eligibility assessments and underwrite each and every transaction.

Overall, we support the proposals as long as they remain fair, proportionate, and evidence-based, ensuring robust consumer protection without hampering innovation or excluding consumers from transparent, sustainable and affordable credit options.

While we welcome the regulatory controls being proposed, we remain concerned about certain elements.

In particular, the exemption for self-funded credit provided by retailers which creates an effective 'loophole' for 'BNPL-like' credit products to be offered to consumers without regulation or protections, the additional proposed burden on certain merchants wishing to offer deferred credit and the uneven level playing field this brings as well as the existing uncertainty pertaining to requirements of creditworthiness assessment and pre contractual information provision.

Given the rapid development of the consumer credit market, we need to ensure that new requirements do not have unintended harmful consequences for consumers and guarantee their access to consumer-friendly short term, low value and interest-free credit products.

Klarna has not waited for regulation.

Since launching in the Netherlands in 2010, we have set new, higher standards for responsible lending and consumer protection. We proactively contribute to industry-wide improvements, not only through continuous innovation within our products, but also by championing effective self-regulation. Most notably, in October 2023, Klarna was a leading force in launching the Dutch BNPL Code of Conduct—a powerful tool to set and enforce consistent standards across providers on crucial topics such as age verification and the prevention of excessive debt.

Taking our responsibility in protecting consumers seriously and recognizing the societal discussion around BNPL, we already made a number of proactive improvements well ahead of the application of the rules stemming from the CCD2, incorporating our learnings from across our global markets:

- We launched the [BNPL Code of Conduct](#) in October 2023, which has been a powerful tool to ensure consistent high standards across the sector, including on age verifications and combatting debt accumulation.
- We further strengthened the Code in June 2024 - with stricter rules around age verification. At Klarna, we already implemented similar changes before the Code in [April 2024](#) that led to half a million attempts from unverified customers being prevented from using BNPL options, and delivered this year on our promise to verify all new and existing customers.
- We launched our credit opt-out tool in the Netherlands within our app, which allows consumers to proactively 'opt-out' from our credit products should they wish - meaning these consumers will not be able to access, view or use any of our credit products.
- We adhered to the debt relief covenant of the NVVK, further helping vulnerable consumers to better resolutions.
- We believe it is our duty as responsible lenders to be transparent, which is why we made detailed information about our BNPL performances in the Netherlands public through our [Wikipink page](#).

We are committed to the Dutch market and are making sure standards are strong and consumers are protected. In order to tackle the concerns holistically we need to look at the industry at large - including large online retailers offering BNPL that still fall outside of any scrutiny or obligations or other types of lenders, to avoid creating exceptions for only one part of the industry and potentially harming consumers.

Our Response.

Consumers must have access to simple, clear, understandable and accessible information.

Klarna fully supports the Government's decision to require providers of BNPL to only provide the most crucial information prior to granting a loan, thereby opting for the proportionate regime regarding pre-contractual information as set out by the European text¹.

Information requirements are crucial for consumers to make informed decisions, but the requirements need to make sense to them - not become a prescriptive set of rules that will comfort incumbents. Pre-contractual information must be transparent and presented in a way that is helpful to consumers, and tailored to the way they shop: immediately and through digital channels.

Klarna applauds the Government's recognition that BNPL is being used in real time². Overloading consumers of short-term, interest-free credit with excessive or poorly presented information can indeed create confusion, which could ultimately lead to unintended consequences - including steering consumers toward more costly or higher-risk credit options.

Klarna already provides much of the required pre-contractual information today. National lawmakers should adopt an outcomes-based approach, specifying the necessary information to be presented while allowing flexibility in displaying it, such as within the checkout process³.

The final pre-contractual information rules must be straightforward to understand, promote mobility and choice, be forward-looking for future product innovation and proportionate to the risks associated with the products being regulated. This is essential for effective consumer choice. When finalizing the rules, the Government should make use of the provision set out in the European text by requiring BNPL providers to only provide the most essential information to consumers so they can make more informed decisions⁴. Furthermore, providers should be allowed to present the information from the Standard European Consumer Credit Information (SECCI) in a natural way during the purchase flow instead of through a standardized and prescribed way.

Consumers should only be lent to if it is affordable.

We welcome the Government's call for mandatory creditworthiness assessments for all providers issuing regulated credit⁵. We agree that effective credit checks play an important role in preventing

¹ European CCD2, Articles 10, 11.

² Government Explanatory Memorandum, p.13.

³ Klarna already provides information to consumers directly in the purchase flow. Consumers are aware of their BNPL obligations as more than 94% of Klarna users in the Netherlands are aware that BNPL products are a form of credit and need to be paid back in full and 95% understand when their Klarna payments are due and the amount per payment, while 56% don't know what the annual interest rate is on their credit card (Klarna survey, July 2023).

⁴ European CCD2 Article 2(8) states that Member States may determine that Articles 10(5) and 11(4) on pre-contractual information do not apply to BNPL products.

⁵ Government Explanatory Memorandum, p.17-18.

irresponsible lending practices. At Klarna we already assess our customers' repayment abilities for every single purchase, resulting in more than 99% of our consumers repaying us⁶.

While credit checks should take into consideration all necessary and relevant factors that could influence a consumer's ability to repay the credit, they should not place a disproportionate burden on the consumer. It is not in consumers' best interest to request proof of income and expenses for low-value purchases. The average order value for a Klarna purchase is €100, and asking consumers to disclose their income for such a value is not proportionate. Even small credit amounts if not lent responsibly can impact a consumer's financial wellbeing - which is exactly why we assess customers' repayment ability for every single purchase, in contrast to traditional credit cards where you can revolve credit endlessly. However, if not implemented adequately, overly extensive credit checks applied to short-term interest free credit could create unintended consequences. In turn, driving consumers towards high-cost credit options⁷.

We therefore support the Government's call to carry out the assessment of creditworthiness on the basis of information that is proportionate to the *"nature, duration, value, and risks of the credit for the consumer"*⁸, but ask the Government to further specify what type of information will be required for BNPL providers. Recent research shows that borrowers with prior BNPL experience demonstrate better repayment behaviour and lower default rates on traditional bank loans⁹. As such, we believe that the assessments should be conducted on the basis of existing national rules and that the Government should keep the € 1000 threshold for providing proof of income and expenditure¹⁰.

At the same time, BNPL providers should continue to base their credit checks on indicators other than income and expense statements such as risk-predicting data points, like credit scores or repayment history from external credit bureaus. To that extent we welcome the Government's proposal to allow BNPL providers to check and register certain loan data within the Bureau Krediet Registratie (BKR) system¹¹. Klarna hasn't waited for access to credit databases to become available. We are actively looking further into existing solutions to share BNPL data among BNPL providers, as a way to further combat the risk of debt accumulation within the sector. This will prepare the work for if and when BKR checks and registrations become mandatory, and is another proactive measure we have taken to protect consumers from overextension.

However, designating BKR as the only accepted loan data register in the Netherlands risks significantly hurting innovation and competition in the credit reporting sector, eventually unfairly penalising consumers. Also, the current system is not designed for short-term, interest-free credit such as BNPL: high volumes and short terms distort the data, pricing models do not take into account the high recurring frequency of loans and current reporting fails to distinguish BNPL's low

⁶ For more information about our loan performance, please see our Wikipink site on www.klarna.com/nl/wikipink/.

⁷ We have asked our consumers: "Do you think it's right for the government to introduce new rules that would make the application process for purchasing an item worth €100 using interest free Pay in 30 days or Pay in 3, take as long as it does to apply for a €5000 personal loan?" Their view is clear: 80% disagreed, and are in favour of a seamless process with rules that make sense (Klarna survey, July 2023).

⁸ Government Explanatory Memorandum p.17-18.

⁹ This suggests that BNPL can thus potentially serve as a stepping stone for consumers to develop better financial habits (CEPR, 2024).

¹⁰ BGfo Article 113.

¹¹ Government Explanatory Memorandum, p.18.

risk. Registration terms need to align with when debt is transferred to a debt collection agency, and a dedicated code for BNPL must be introduced to ensure accurate and fair treatment. In other words, for BNPL to be accurately reflected in the BKR system, we must reform BKR quickly to make it fit for BNPL ahead of the implementation phase. Finally, registration and verification of BNPL loans in a database should align with existing thresholds of BKR statutes¹².

Regulation should be proportionate to ensure continued access and choice.

As outlined by the Government's implementation law all third-party, online platforms and credit cards offering deferred payments will become regulated credit¹³. We fully agree that all providers offering similar credit products must be treated as such under the new rules.

However, we fear that the current proposals on scope risk leaving certain small and medium-sized enterprises (SMEs) or large retailers with in-house BNPL offerings outside key obligations, resulting in unfair competition, distortion of the BNPL market - and more widely the consumer credit market-, and weaker protections for Dutch consumers. This concern has previously also been addressed by the AFM¹⁴. Providing certain retailers who have no experience with granting credit with an exemption from key consumer protection provisions, such as proportionate creditworthiness assessments, would lead to worse outcomes for consumers. The Government needs to close out the loopholes for retailers to ensure all providers of deferred payment are clearly in scope and subject to the same rules and consumer protections.

At the same time we are surprised by the Government's choice not to make use of the Member State option¹⁵ to exempt¹⁶ retailers from all credit brokering obligations when offering deferred payment options. Classifying SMEs as intermediaries purely because they offer a BNPL solution creates market confusion. Although they are exempt from the licensing and registration requirement, their formal status as intermediaries would mean they are subject to certain AFM supervision.

Retailers are not financial intermediaries - it is the BNPL providers as the regulated entity that bears all credit risk and responsibilities - and should not be registered, licensed or supervised as such. This would put a disproportionate burden on the hundreds of thousands of (small) businesses and hurt retail innovation in the Netherlands. It would also place a large implementation burden on the AFM and is neither appropriate nor proportionate. Furthermore, it would be completely inconsistent with other forms of credit such as credit cards, charge cards or iDeal that do not require retailers to undergo similar brokering requirements. By adopting this position the Government creates a clear unprecedented and unfair treatment of BNPL compared to other credit products being offered by retailers that are currently not considered a credit intermediary.

We therefore ask the Government to exempt such retailers from all credit brokering requirements as it is vital to ensure that BNPL remains a viable product for retailers to offer at their checkout and leave so-called SME intermediaries outside of AFM supervision.

¹² We recommend keeping the existing €250 threshold as set out in BGfo Article 114.

¹³ Government Explanatory Memorandum, p. 3-4, 8, 9, 30.

¹⁴ AFM BNPL report 2024, p.19.

¹⁵ Government Explanatory Memorandum, p.14.

¹⁶ As set out in the European CCD2 Article 37.3.

Finally, we welcome the Government's clarification that any charges imposed due to non-performance must not exceed the actual costs incurred by the provider due to the missed payment¹⁷. Klarna does not profit from late fees. Instead, late fees are implemented to encourage timely payments and to cover the administrative costs associated with missed payments, and we have reduced their share in recent years. This aligns with Klarna's commitment to responsible lending and consumer-friendly practices.

Klarna's business model is a merchant-funded model which means that we charge our merchant partners a fee for offering our payment solutions. These fees are typically a percentage of the transaction value plus a fixed fee. We do not make money from consumer fees, which differentiates us from traditional credit providers. In fact, together with the signatories of the BNPL Code of Conduct (*Gedragcode BNPL*) we have concluded that revenues stemming from dunning and collection activities are not aimed at profit but serve to cover the providers' operational expenses.

Conclusion.

Klarna welcomes the Government's intention to reinforce consumer protections while enabling market innovation and fair competition. Nevertheless, reflecting on the lower risk BNPL options entail and safeguarding a level playing field across European markets, we support the Government's commitment to the principle of proportionality to ensure consumers can access suitable, transparent and affordable credit options.

We ask that transposition of the rules avoids "gold-plating" or over-regulation targeted at only one part of the industry, which could distort the market, reduce consumer choice, and hinder cross-border harmonisation – contrary to the aims of the EU Directive.

Given Member States shall adopt and publish, by 20 November 2025, the laws, regulations and administrative provisions necessary to comply with the CCD2 and many provisions in the Dutch context are yet to be discussed in upcoming technical consultations (*Algemene Maatregel van Bestuur*), we also respectfully request the Government to honour the 12 months implementation timeframe set out by the European text for compliance after the new rules enter into force¹⁸.

We remain committed to working with the Dutch Government and all stakeholders to ensure effective, proportionate regulation that upholds consumer protection and access to affordable, responsible credit for all Dutch consumers.

We thank you for considering these recommendations and remain at your disposal to discuss our response further.

With kind regards,
Klarna

¹⁷ Government Explanatory Memorandum, p.60.

¹⁸ European CCD2, Article 48.