

Tanya Kjaer from Klarna Introductory speech on the Hearing on Fintech

Dear Members of the European Parliament,

Technology has been a major driver of innovation. 10 years ago we did not know what an App was, or for that matter, what a smartphone was! However, now we can't imagine our lives without them anymore. That change, that revolution, impacted all areas of our lives and the financial services space is one of the most interesting, difficult and controversial areas where it is taking place. Fintech has changed the way we do business, how we relate as consumers and how we relate with banks.

Over the last years there has been a **general lack of consumer centricity in the retail banking space**; banks seemed to have forgotten who their customers are and stopped developing products around their needs and wants. This has been a huge opportunity for the Fintech industry. One can say that retail banking, as we know it, is a dying breed. In 10 years from now, a college student or university undergrad will not need a bank to manage their finance in the same way as we do today. And this shift, this revolution, is encouraging new businesses to provide new type of services that were once unattainable to a wide range of consumers, either by breaking down geographic barriers or by democratising access to services regardless of each person's financial status or their access to credit cards.

However, **strict regulation and one size fits all approach** has been an obstacle for many of this new ideas to thrive and **security and safety have too often been used as an excuse to hamper innovation**. This fear of innovation has often lead to **strong tradeoffs between convenience and security** which must be. We also need to overcome the idea that FinTech doesn't want to be regulated, this is an **antique and wrong misconception** and that is why we have welcomed the adoption of the Payment Services Directive II. **Fintech needs, not a lax approach, but a proportional approach from legislators**. Klarna fully complies with legislation in all jurisdictions and with EU Higher Standards of Data Protection and Anti-Money Laundering rules.

We welcome Klarna being mentioned in the Commission's Start-up and Scale-up Initiative launched last week has an example of a European start-up success story. **And Klarna history only started 11 years ago with the idea of making Online Shopping Simple**. With a growing product portfolio, we have increasingly build and designed our products after what people want and need, and today Klarna services more than 45 million EU consumers, 65.000 merchants and more than half a million transactions a day. Last year, Klarna entered successfully the US market, showing that European companies have great potential and they can also thrive in the other side of the Atlantic.

Klarna believes that regulators should aim for the following principles in moving forward:

1. **Ensuring the consumer is in the forefront.** Empowering the consumer with the control of their own data is of paramount importance and in line with the principle principles of GDPR on data portability;
2. **Ensure technology neutrality.** Legislation shall not give preference or outlaw certain technologies as it will kill innovation, neither can it be so oppressive that becomes difficult revise them after implementation. Innovation is in constant change and legislation must adapt to that. Regulation should be based on performance metrics as opposed to imposing technology solutions.
3. **Ensure proportional means of supervision.** It is important not have one size fits all and to ensure the existence of a constructive dialogue between supervisors and FinTech companies in favour of the end user.

Before finishing my presentation I would just like you to ask ourselves: Does a Bank Supervisor have the means to understand the online commerce space and where it is heading? Can it look and understand innovation and see its potential to the end-consumer?

Thank you and I will be happy to take your questions.