



# Krea & Klarna.

## Krea harnesses Klarna's Open Banking for transparent SME lending.

Krea is a specialised marketplace for SME financing. Founded on a vision to empower small and medium-sized companies, the Stockholm-based lending solution helps customers access business loans with minimum friction and the best possible terms. Krea's platform facilitates digital loan applications across multiple lenders and an intuitive comparison tool to support SME decision-making. Crucially, their data-orientated approach involves building representative customer profiles to help lenders make fair risk assessments and provide small businesses with competitive lending rates.

Krea's platform connects the largest network of lenders in Sweden – exposing SMEs to a catalogue of loan offers and a vast range of loan terms to suit their specific needs. Krea is entirely free for customers, and their loan applications are non-binding.

For lenders, Krea provides direct access to a growing pool of potential customers and an invaluable database to support sales teams with structured data. Lenders can connect to Krea's platform via an API or place manual bids on their intuitive interface for a cost-effective and low-risk approach to assessing loan applications.

### Partner

[Krea](#)

### Business focus

SME Lending

### Location

Sweden

### Klarna solution

Open Banking

## Challenge

Krea wanted to double-down on their data-orientated approach by streamlining the process of collecting customer account information. They're constantly looking for innovative ways to improve the efficiency of the digital loan application process and enable fair credit assessments by lenders using customer information.

Specifically, they were interested in collecting transaction-level data from SME bank accounts to provide up-to-date insights about their financial position at any given time. Real-time access to transactional information helps lenders build a dynamic assessment of loan applications and analyse business performance with pinpoint accuracy. This is particularly relevant in the current climate as COVID-19 continues to demonstrate the short-term volatility of SMEs in an uncertain economy.

Krea's Chief Commercial Officer, Carsten Leth, explains that "many companies found it time-consuming to add this information into our system." **Krea required a technically-stable and easy-to-use solution where business owners could share transactional data with minimum effort and maximum security.**

## Solution

Krea partnered with Klarna's Open Banking division to make use of the EU Commission's Second Payment Directive (PSD2). The 2018 legislation provides Krea with a fast and secure solution to streamline the collection of customer account information and enrich data insights for credit risk assessments.

Klarna provided a seamless and technically stable solution to process data flows between business bank accounts and regulated lenders via an intuitive UX flow. With Klarna's Account Information Services (AIS), Krea can now gather bank data using the banks' PSD2 APIs. Additionally, in the cases where Open Banking capabilities of the banks were lacking, Klarna also made it possible for Krea to gather bank data by connecting directly to the customers' online banking interface.

With Klarna's solution, Krea hoped that PSD2-powered data sharing would reduce manual processes and incentivise customers to share their transactional data with minimal barriers via an intuitive UX flow.

**"Manually uploading transaction-level data is cumbersome – preventing many small businesses from including it in loan applications."**

- Carsten Leth, Chief Commercial Officer



## Result

“After successfully implementing Klarna’s solution, Krea was delighted to report a “5 fold increase in the proportion of loan applications supported by bank account data.”

Before the partnership, an average of 2% of all the loan applications included structured open banking data from the clients’ bank accounts. However, just 2 months after integrating Klarna’s solution this figure has increased to 11%. In addition, some customers decide to add banking data through manual file upload. Combining PSD2 and manual banking data, Krea sees that now nearly 30% of the total loan applications include banking data after switching to the Klarna solution.

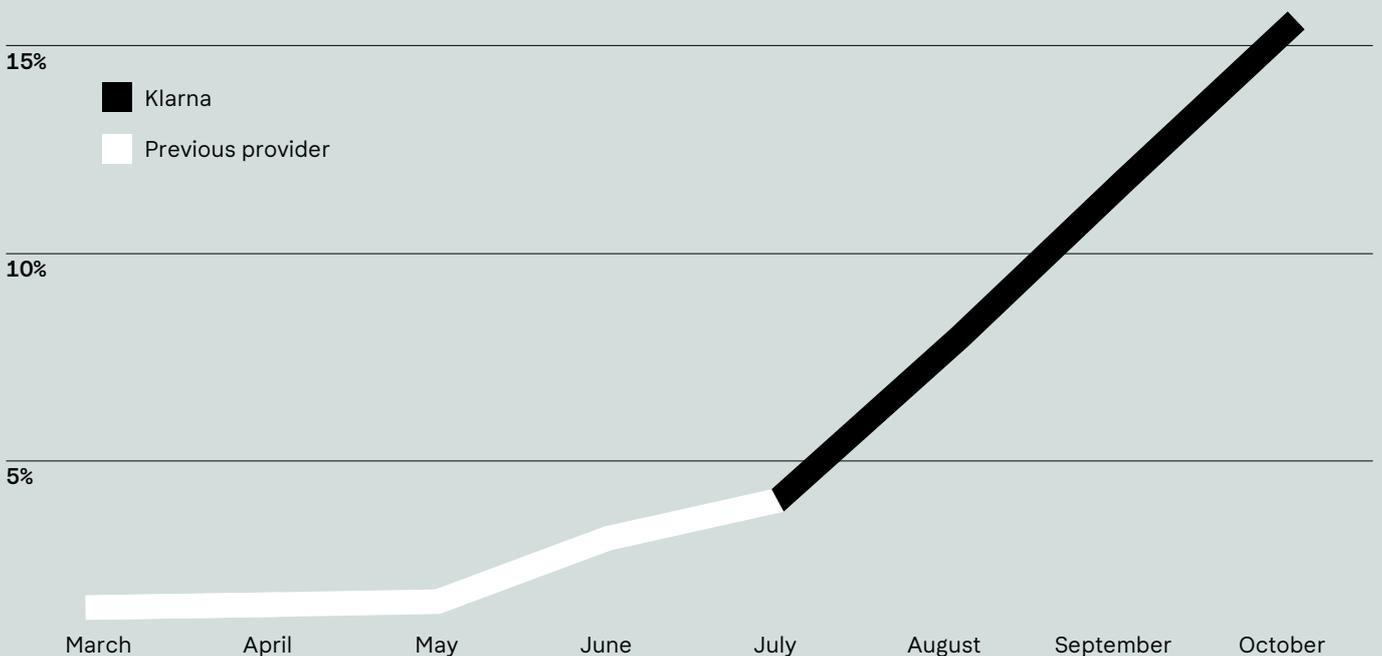
# x5

increase in proportion of loan applications supported by bank account data



**Figure 1**

Percentage of loan applications where Banking Data was added



## Benefits

Without PSD2 bank account data, lenders must evaluate companies based on outdated and inaccurate credit risk scores – leading to over-conservative lending behaviour. During the COVID-19 pandemic, Krea explains how up-to-date information from Klarna's solution has helped lenders assess companies based on their current financial situation to improve confidence in their lending decisions.

Small businesses that provide account access have enjoyed a 5% decrease in the average interest rate on loan offers and 19% higher approved amounts.

After reviewing 8 000 loan applications, Krea found the average company that provided banking data (approximately 650 companies) received an increased approved loan amount of SEK 325 000, compared to SEK 272 000 for companies that did not provide any banking data. The average interest rate was 5% lower compared to companies without any banking data.

Carsten draws specific reference to small businesses with weaker credit scores receiving more than 20% higher approved amounts than companies who chose not to provide PSD2 data. As he explains, "Particularly for small businesses with weaker credit scores, we see a clear improvement in their access to finance".



# 5%

lower average interest rates  
on loan offers

# 19%

higher approved amounts on  
loan offers

**“During the COVID-19 pandemic, it has become more important for lenders to assess companies based on their most recent cash flows. Klarna’s Open Banking solution enables us to help more small businesses get access to finance at better rates.”**

– Carsten Leth, Chief Commercial Officer

In particular, companies with a UC credit score of 3 and below received an increased approved loan amount of SEK 345 000 compared to SEK 285 000, a 21% increase. As illustrated in figure 2, for these companies there seems to be a significant benefit of using structured open banking data compared to a manual upload of banking data.

Krea highlights Klarna's commitment to enriching customer experiences as a key success factor in the deployment of this technology. The widespread uptake of PSD2 data shared by Krea's customers was extremely encouraging. The impressive results

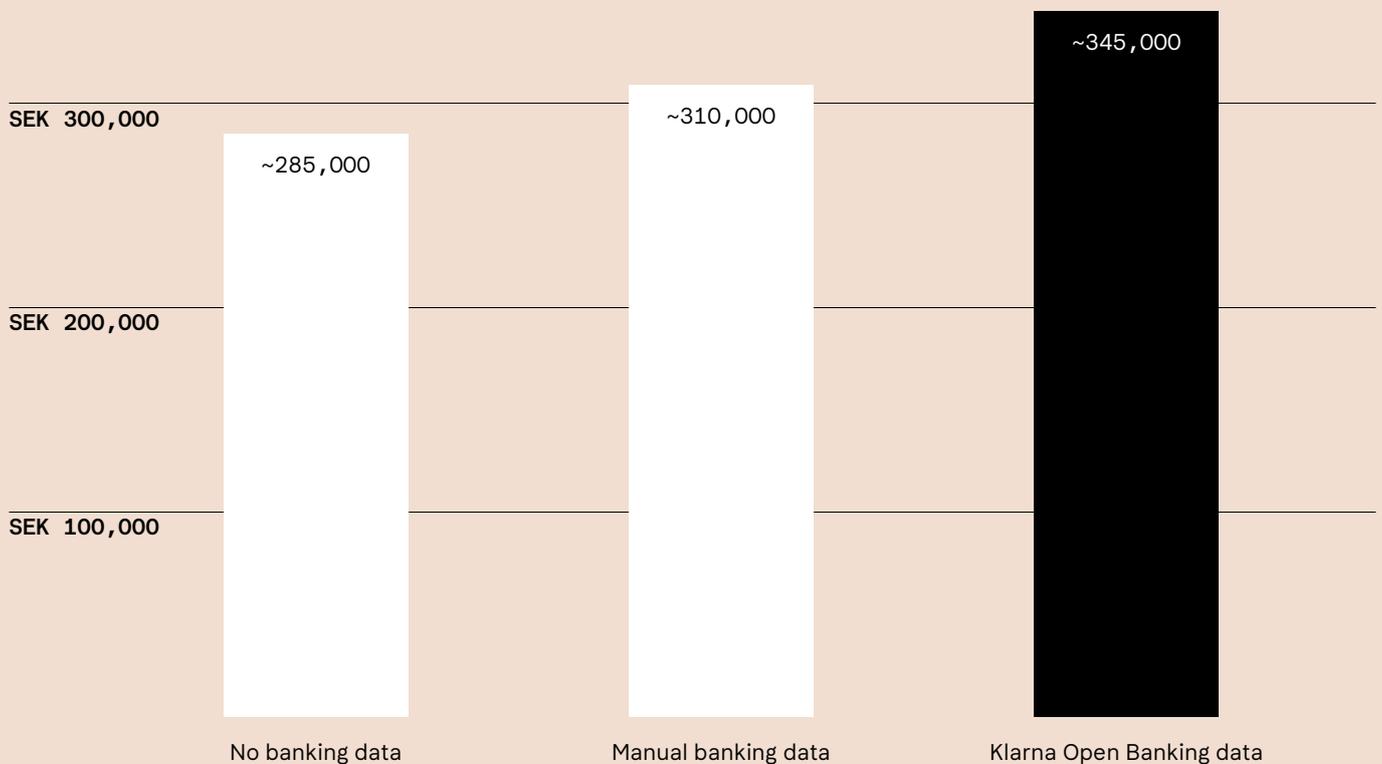
felt by struggling SMEs demonstrate how data democratisation can improve financial access for business owners.

## Future

As Krea continues to embrace Open Banking to improve data visibility and streamline digital loan applications, the partnership with Klarna represents a united effort to build a fairer and more accessible lending landscape.

**Figure 2**

Average approved amount (companies with UC risk score 1-3)



**“Klarna is more than an integrator to us. We see Klarna as a strategic partner that can help us reach our targets and add value to our customers.”**

– Carsten Leth, Chief Commercial Officer