

Influencer marketing whitepaper.

Klarna.



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Chapter 1.

Why was the Council created?

In March 2021, Klarna launched an Influencer Council in order to develop a best practice guide for influencers and brands advertising online and to help shape responsible marketing practices for the financial services sector, as more people look online for financial guidance.

The constantly evolving nature and popularity of different online platforms means that existing Advertising Standard Authority (ASA) guidelines are increasingly open to interpretation. As a result, influencers, brands and platforms can unwittingly fall foul of the regulations. The Council was brought together to deliver clarity for consumers, brands, influencers and advertising bodies regarding what is acceptable and what is not when it comes to advertising financial products and services.

As part of the launch of the Council, Klarna commissioned nationwide research from Censuswide to understand consumer attitudes on money management, and how consumers engage with financial guidance from influencers. The survey of over 2,500 UK social media users revealed that more and more Brits are turning to influencers for financial guidance. Just under a third (**30%**) of consumers who have seen an influencer or a celebrity giving financial guidance have acted upon it, rising to **53%** when Gen-Z (those aged between 16 and 24) were asked.

Furthermore, only a quarter (**27%**) of the UK say that they understand the purpose of #ad, #affiliate and/or #gifted references on influencers' posts. Worryingly, of those who said they understood the purpose of #ad, #affiliate, and/or #gifted on an influencer's post, nearly half (**46%**) actually didn't know that #ad meant an influencer had been paid by a company to promote a product or a service.

30%

of consumers who have seen an influencer or a celebrity giving financial guidance have acted upon it.

27%

of the UK say that they understand the purpose of #ad, #affiliate and/or #gifted references on influencers' posts.

Consequently, the Council has sought to provide input from those with direct experience as to how the guidelines can and should be interpreted on a practical basis in order to best serve consumers – offering an insider perspective from a variety of parties on the current guidelines, as the market continues to evolve and change.

Ultimately, we want all consumers to feel empowered with the knowledge on when a post is being promoted, and where they are being given independent financial information. We want total transparency, greater trust and will encourage our extensive network of retail partners to join with us in this work.

"Brits are turning to influencers for financial guidance."



Introduction to the Council members.

The Council consists of a variety of stakeholders from influencers to retailers, advertising experts and beyond. Together, the Council has worked to create and provide better guidance for all brands promoting financial services with the use of influencers in the UK, offering an insider perspective from a variety of parties on the current guidelines, as the market continues to evolve and change.



Christian Howes (Chair)

Christian is a social media, digital and big data expert with over 15 years of experience working with some of the biggest corporations and TV platforms, including This Morning and BT Sport. Christian is passionate about new data capture methods and is also co-owner of a format and ideas company that specialises in creating data based TV formats. He is also a regular international public speaker.



AJ Coyne

AJ is head of marketing at Klarna UK and one of Campaigns Power 100. Prior to this, AJ led marketing for The Lion's Share (United Nations Development Program) and was instrumental in both its creation and success, helping secure: Gucci, Mars Inc, Cartier and other partners.



Rupa Shah

Rupa is the Founder and Director of Hashtag Ad Consulting, a London firm that provides guidance and training on the advertising rules to social media and influencer marketers. Prior to founding Hashtag Ad, Rupa worked at the Advertising Standards Authority for 13 years and is now a member of the Committee of Advertising Practice's Promotional Marketing & Direct Response Panel.



Clare Seal

Clare Seal is the creator of the My Frugal Year Instagram account, founder of The Financial Wellbeing Forum and author of *Real Life Money: An Honest Guide To Taking Control Of Your Finances* and *The Real Life Money Journal*. She works to address the deeper causes of debt and financial difficulty, discussing how mindset, privilege and circumstances contribute to our financial lives and wellbeing.



Owen O'Kane

Owen is a psychotherapist, former NHS Clinical Lead for mental health in London and Sunday Times best-selling author. His time in the NHS has seen Owen use a multitude of techniques in helping people with mental health and he now runs his own private practice in West London. Owen is regularly featured in Print and on Broadcast media.



Amelia Liana

Amelia is a London-based travel, fashion, beauty and lifestyle influencer. Since her YouTube debut in 2013, Amelia has grown a loyal, engaged following who trust her eye for what to want and wear. Amelia now has a total reach of over one million across her social media platforms.



Nicki Capstick

Nicki is the Marketing Director at PrettyLittleThing. Nicki joined PrettyLittleThing in January 2015 from Missguided and has seen the business grow by over 600% YOY in terms of gross turnover and 300% in terms of site visitation.



Joel Gladwin

Joel is Head of Policy at The Coalition for a Digital Economy (Coadec), which is the policy voice of UK tech startups and scaleups in Westminster, Whitehall and Brussels. He leads on the organisation's FinTech, skills, immigration, and access to finance policy work.



Lian Hirst

Lian is the CEO and Co-Founder of TRACE Publicity and has over 20 years of experience consulting for the fashion, beauty and FinTech industries' most prominent brands. Pioneering a new approach in influencer and marketing strategy, TRACE connects brands with audiences through culturally relevant campaigns.



Kia Commodore

Kia is a Personal Finance Guru and Public Speaker. Kia is also the creator of the Pennies To Pounds Platform and co-host of the BBC 5 Live Podcast *Your Work, Your Money*.

How the sessions worked.

Each session was led by Chairman, Christian Howes, who kicked off each meeting with an outline of the agenda and the desired outcome of the session. All attendees were sent an agenda and any pre-read material prior to the session commencing in order to form any further points of discussion or research examples.

All Council sessions followed a similar run of play, with any workshop material talked through by the creator and the Chairman finding moments for panel members to provide comment, ask questions or give examples. This meant for a well rounded discussion with each expert given the opportunity to show how suggested guidelines were interpreted through their lens – whether that be a financial influencer, fashion brand or mental health ambassador.

A blog post was created for every session recapping topics covered, the conclusions and next steps. Chatham House rules were applied to each session meaning all information is free to use, but who made the comment cannot be revealed. This allowed for increased openness of discussion.

When the sessions were held.

The virtual sessions commenced on Thursday 11th March and were held bi-weekly from this point.

Session	Date
Session 1: Setting the scene	Thursday 11th March 2021
Session 2: Data replay	Thursday 25th March 2021
Session 3: Present back solutions	Thursday 8th April 2021
Session 4: Agree on final solutions	Thursday 22nd April 2021
Session 5: Summary, conclusion, encouragement	Thursday 6th May 2021

Chapter 2.

Who is responsible?

All topics on the weekly Influencer Council session agendas drove back to the question of who is ultimately responsible for ensuring that all audiences know when an influencer's post is advertorial in content. Findings revealed that due to the nature of paid partnerships, each key stakeholder in the process has a personal responsibility to uphold the guidelines.

Suggested responsibilities per stakeholder are listed below:

Agencies.

- Give access to all assets needed to flag partnership per deliverable content type
- Create briefs which flag all tags and hashtags and include correct placement of tags per deliverable

Brands.

- Accept influencers on the Instagram paid partnership tool as soon as partnership is confirmed
- Give access to all assets needed to flag partnership per deliverable content type
- Provide water tight briefs which flag the necessary tags, hashtags and placement of tags and are content type deliverable

Influencers.

- Ensure that the paid partnership tool is approved prior to the content upload date
- Download all required assets needed to adequately flag the ad content
- Flag all relevant terms clearly in uploaded content

Platforms.

- Work with regulators to ensure new content types have adequate ways to flag paid content in line with guidelines
- Develop new ways to make the relationship between influencer and brand/agency more transparent
- Platforms to create a 'Creator code' to uphold values similar to Pinterest that all influencers must sign-up to and commit to

ASA.

- To write and maintain the Advertising Codes
- To provide advice and training to the industry on the rules and ASA positions
- To regulate influencer marketing in line with CAP Code

Consumer.

- Use resources to educate themselves on terms for better understanding

Chapter 3.

Geographic challenges.

Toolkit.

The influencer Council guidelines have been developed initially for the UK market **only**. Whilst global adoption is strongly encouraged, wider understanding of local nuances must be considered for global market roll out. Klarna will be adopting the toolkit and rolling out across all regions as a matter of urgency with the intention for this to be fully adapted and rolled out within three months post publication. This will be both for the Klarna brand and our merchant partners.

Influencer audience/geography.

When working with influencers it's important to first understand the geographic reach of their followers, which usually is broader than their location. For the avoidance of doubt, influencers primarily based in the UK should usually follow the UK's rules unless the ad is very clearly only targeting an audience outside of the UK (for example, where the product or service advertised cannot be purchased by UK consumers). Influencers based elsewhere should usually follow the rules of the relevant regulator in that country unless they are only targeting UK consumers, in which case the UK's rules are likely to apply.

Whether an advert is seen as targeting UK consumers will depend on the content and the context but factors which increase the likelihood of this being the case include (but are not limited to) prices given in Sterling, the brand being based in the UK, the influencer having originated from the UK and the influencer having a significant UK audience. If there isn't a relevant regulator in that country, the ASA will apply the UK's rules if the ad targets UK consumers. It would, however, be best practice to also be mindful of the regulation in any jurisdictions where the influencer has a significant following and who may also have their transactional decisions affected by the content.

Age range.

When advertising financial services products, which are only available to those who are over 18, steps should be taken to ensure that the influencer does not have too many followers under the appropriate age range.

As such, the Council recommends that brands only work with influencers with less than 10% audience under 18 years for any financial services product advertisement. Equally all influencers must be over the age of 21 years old if they are advertising a financial services product.



Chapter 4.

Transparency of T&C's.

All terms and conditions must be appropriately displayed and not hidden with filters, placed on a background similar to the text colour or hidden below a large number of hashtags.

All terms and conditions must be clear, fair and not misleading in line with the FCA principles (even for unregulated products). For unregulated products/services they must also be in line with the CAP Code.

Brand promotion vs. Financial service promotion.

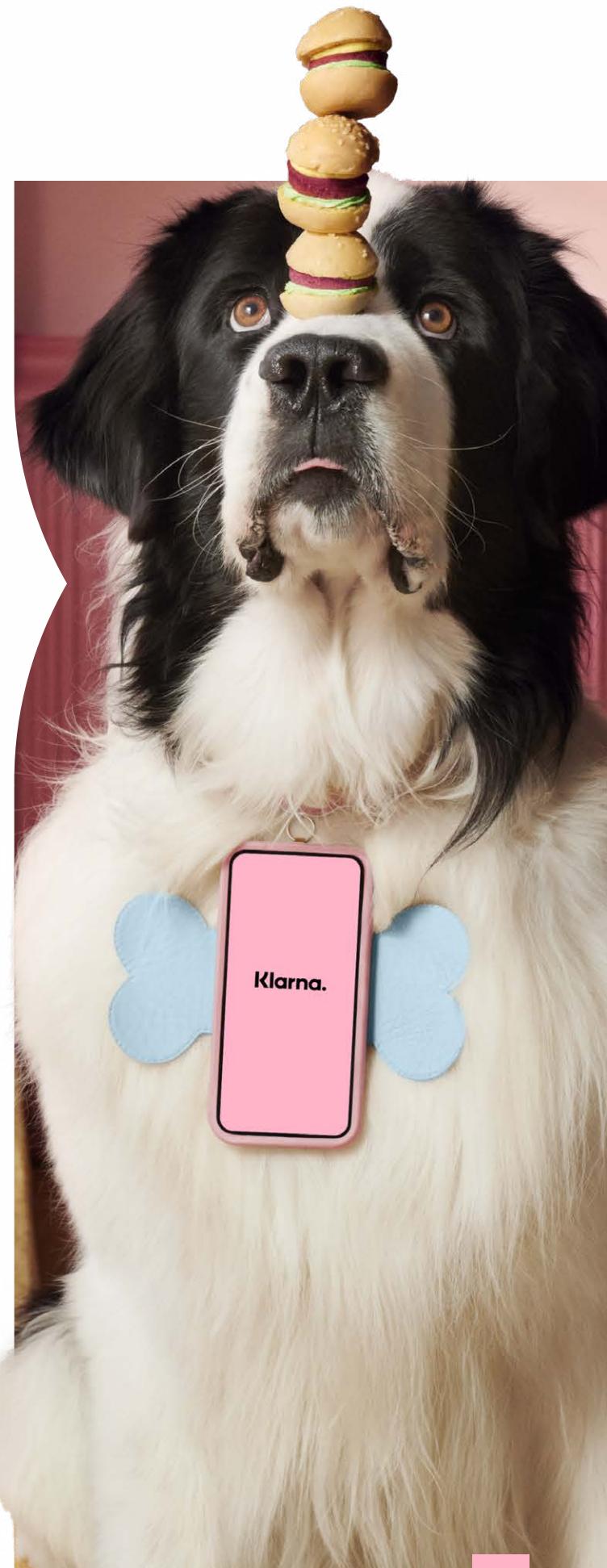
The Council acknowledges that there is a difference when promoting a brand vs. a product and appropriate, proportionate terms and conditions must therefore be adopted.

When a brand is advertising their brand name, with no mention of specific products, there are fewer terms and conditions required, but all appropriate influencer guidelines such as #ad must still be adhered to.

All ads must present comprehensive information, there must be no misleading omissions or deceptions.

Brands collaborating.

When brands across multiple sectors collaborate, there needs to be appropriate signage for both sectors. For example, when a clothing brand advertises that Buy Now Pay Later is available, they are required to adopt the appropriate risk warnings and compliant terms and conditions.



Chapter 5.

Transparency.

Use of products/services.

The Influencer Council recommends that no influencer is able to endorse a product or service that they have not used themselves. This is important for the authenticity of any endorsement and to ensure consumers are sufficiently informed of the actual views of a product or service, not just the views presented by the brand or manufacturer.

Use of filters.

Influencer Council guidelines support the ruling that no filters should be used on paid partnerships whereby the effect disrupts the actual appearance of the product. For financial services this would apply to co-marketing e.g. when an influencer is paid to promote a retail partner and a filter could alter the appearance of a product beauty, fashion etc.

Terms.

Klarna and the Influencer Council understand that social channels are inherently limited by time and space. Consumers can only be reasonably expected to absorb information if it is conveyed clearly and with so many tags currently in use across the board, this can be challenging. It is important that the influencer relationship to brand is always clear to consumers and presented in an instantly recognisable format. The best live example globally is from Instagram where you can highlight the relationship in-feed via the 'paid partnership' tool. This should be mandatory for any brand partnership.

The Council has determined that it is essential to agree on three industry standard terms that are transparent, easy to understand and clearly communicate the relationship of influencer to brand which can be utilised across all platforms.

Klarna propose to create a social terms glossary that sits on the landing page on the Klarna site, as well as potentially an Instagram highlight, which highlights the key terms for a core educational moment.

The below table moves away from the traditional hashtag and uses brackets to clearly signal the term and post.

Term	Definition
[ADVERT]	Paid deliverable with a level of editorial control by brand. Post featuring a gifted product whereby the influencer has had a monetary relationship with brand in last 12 months.
[GIFTED]	Organic gifting by brand. No editorial control. Not guaranteed to post. No previous monetary relationship in the last 12 months.
[AFFILIATE]	Financial benefit to the influencer. NB: ASA currently advise against using this.
#KlarnaAD	This will be used as a sticker for influencers within story feeds. Equally used as an additional hashtag on posts to help curate our influencer content and allow us to monitor volumes and ensure we are delivering on 25% of all content developed promotes financial wellness.

Mental health.

Emotive language and tone of voice.

Language and tone of voice should never encourage impulse buying or unplanned purchases. It is everyone's responsibility to encourage responsible spending, avoiding things such as a shopping spree or purchasing items outside of an individual's means of repayment.

- Influencers should not encourage consumers to 'sign up now' without appropriate risks warnings
- Should not imply that it is a risk-free way of obtaining credit
- As such all content should **never** contain the following language

Irresponsible messaging

Impulsive: e.g. 'Get it now'

Limited time or product stock: e.g. 'No more FOMO'

Affordability: e.g. 'Don't wait till pay day'

Over-consumption

Wording such as 'Spree' or 'Haul', etc.

Discussion of mood and feelings – mental health considerations.

Not suggest a use of the finance product will lift a user's mood or enhance mental wellbeing.

Not suggest that use of the finance product can lead to social success or popularity.

Many people struggle with mental health issues that cover a broad spectrum of areas. At any given time, it is estimated 1 in 4 people will have a mental health issue. This number is likely to be significantly higher following the global Covid-19 pandemic and the post-traumatic consequences. It is well documented that poorly managed debts and financial difficulties can have a negative impact on mental health. Similarly, there is evidence to support that people spend excessively in times of mental crisis. The conundrum, of course, is the risk of vicious cycles.

Given the consequences that can accompany hasty, habitual or compulsive purchasing we believe it is a necessary responsibility for sellers, lenders and anyone involved in the advertising process to be aware of the potential detrimental impact to psychological health that irresponsible advertising can cause.

Advertising campaigns should not encourage people to spend or borrow more than they can afford and should not precipitate, perpetuate or compromise the mental health of any individual. Protecting an individual's wellbeing is a shared societal responsibility and we believe in the importance of protecting people when they make a financial decision but also when they might be vulnerable.

Everyone involved in advertising, promotional, selling or lending campaigns has a responsibility and a duty to be transparent, responsible, compliant with guidance and fully aware of potential consumer vulnerabilities.

The future is a culture of truth, trust and transparency. We believe this is the essence of commercial 'wellness'.

Use of music.

Should not have any lyrics which could be interpreted as encouraging reckless behaviour around spending.

Age.

Should not have a particular appeal to under 18s or incorporate images of people who are, or look as if they are, under 21 years of age.

Our commitment (Klarna as a brand).

All of the Influencer Council work is underpinned by the below core mission statements which reflect our commitment to our audience on social.

- 25% of all paid partnerships to communicate a solely financial responsibility message
- Only work with influencers who regularly use our product to ensure authenticity
- Only work with influencers with less than 10% audience under 18yrs
- Deliver an onboarding process for influencers to becoming a partner. Cover off brand/product/T&C's, must agree to utilise our Klarna finance influencer toolkit & guidelines. Showcase due diligence to ensure influencers understand the product/brand
- Create a consumer facing influencer pack which outlines glossary of terms and how we work with influencers
- To only work with merchants on paid partnership content if they have agreed to adopt the Klarna influencer guidelines
- To request new brands signed up to Klarna adhere to our Klarna social guidelines & influencer toolkit



Chapter 6.

Best practice per platform.

Instagram Stories.

- Klarna branded story slates with a start & end frame and labelled up as ADVERT
- Instantly recognisable as an advert, clearly calling out T&C's
- Additional copy to highlight if consumers are unsure what the # means – swipe up here and take you to our glossary which would sit on Klarna homepage



Examples.



ADMOJI's Branded stickers to add to content.

Advert

Gifted

Advert

Gifted

Advert

Gifted

AffiliateAd

KlarnaAd

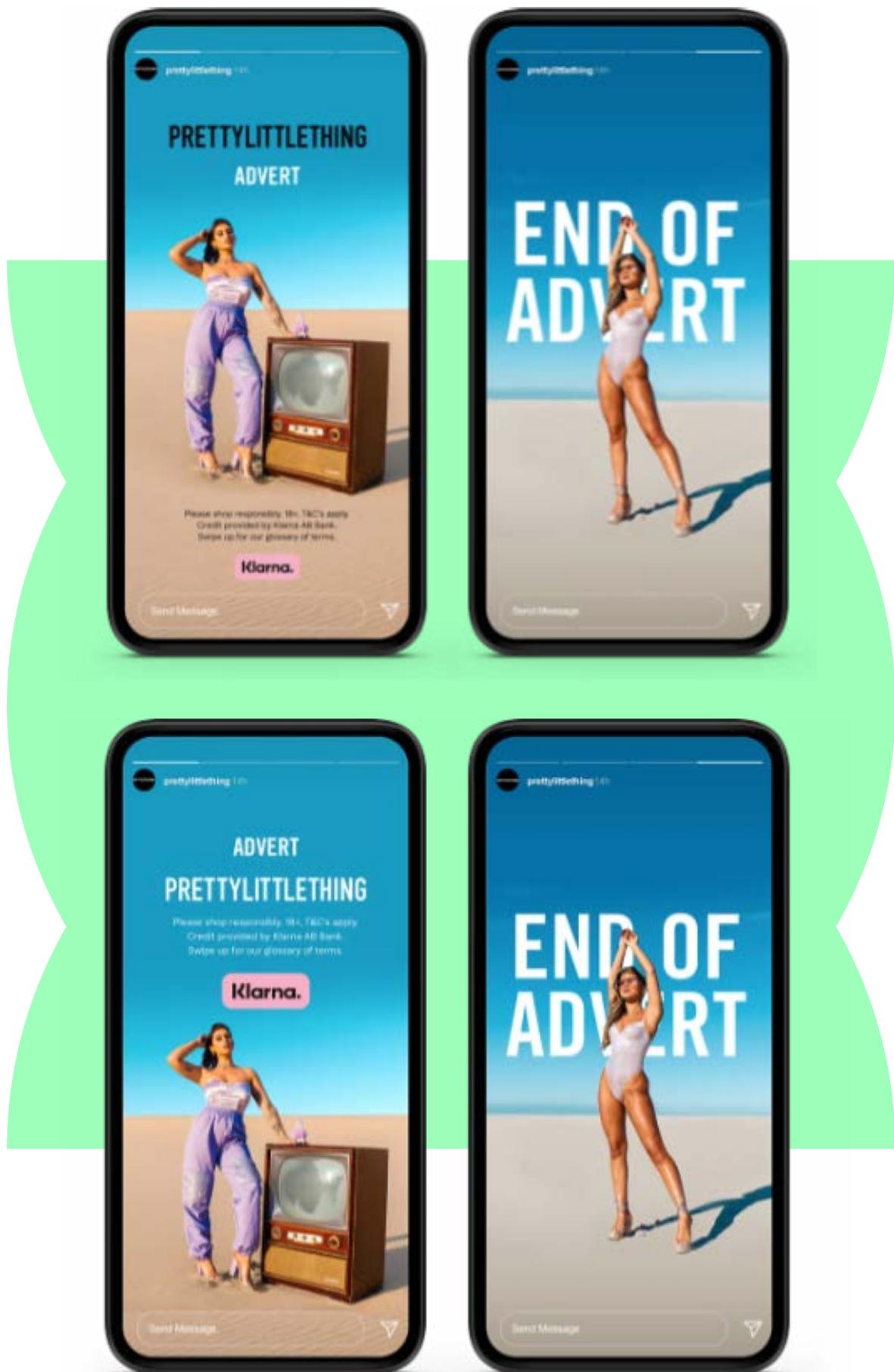
AffiliateAd

KlarnaAd

AffiliateAd

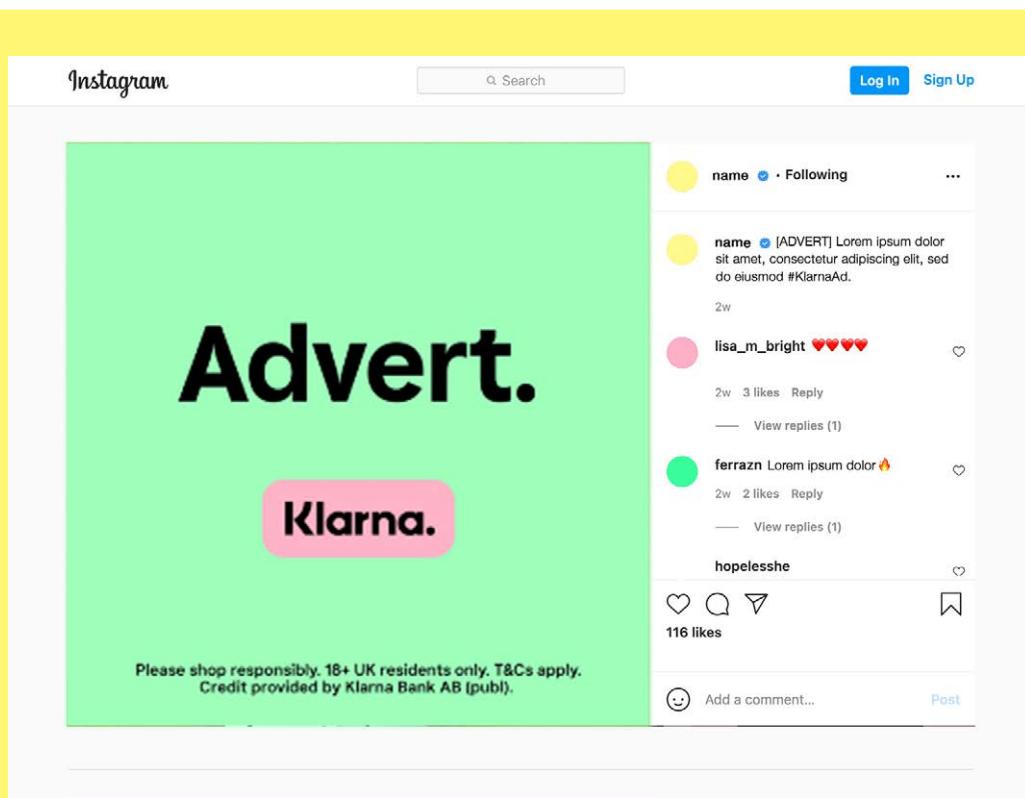
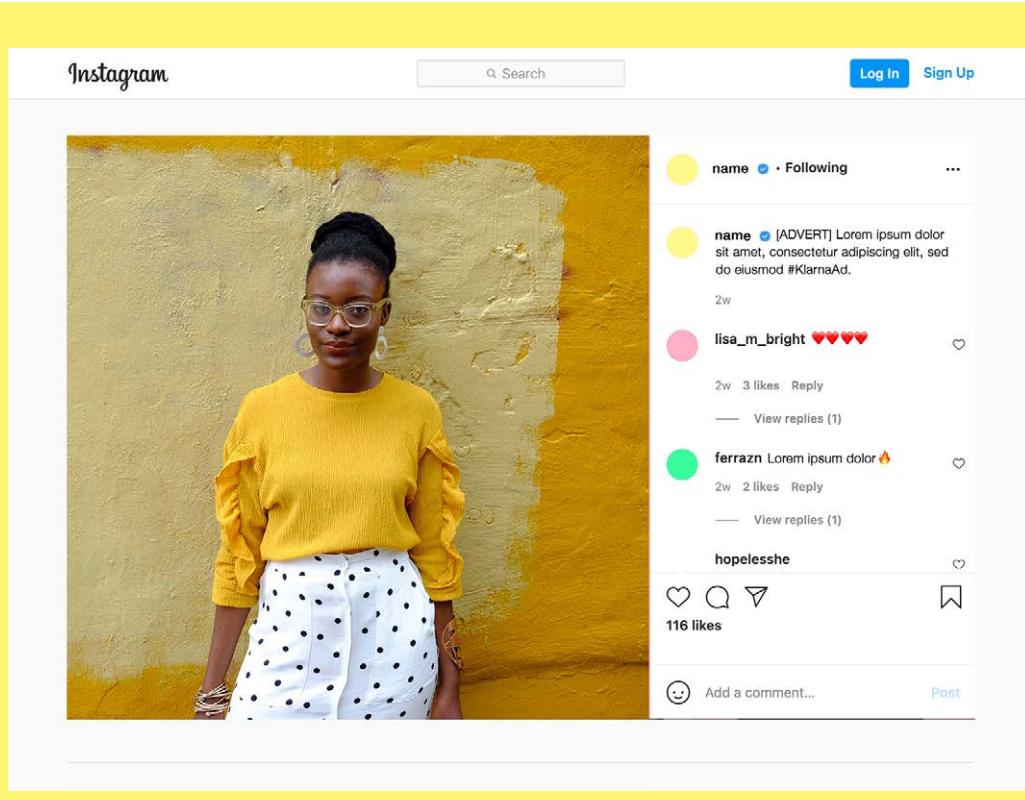
KlarnaAd

How adoption by other brands when managing the advertisement of Financial Services product could look:



Instagram Main Feed.

- Insert an end frame on Instagram carousel calling out clearly as ADVERT with T&C's
- All people would use the paid partnership tools
- Include [ADVERT] at the front of the caption. Additional copy to highlight if consumers are unsure what the # means – go to klarna.com/glossary for more information



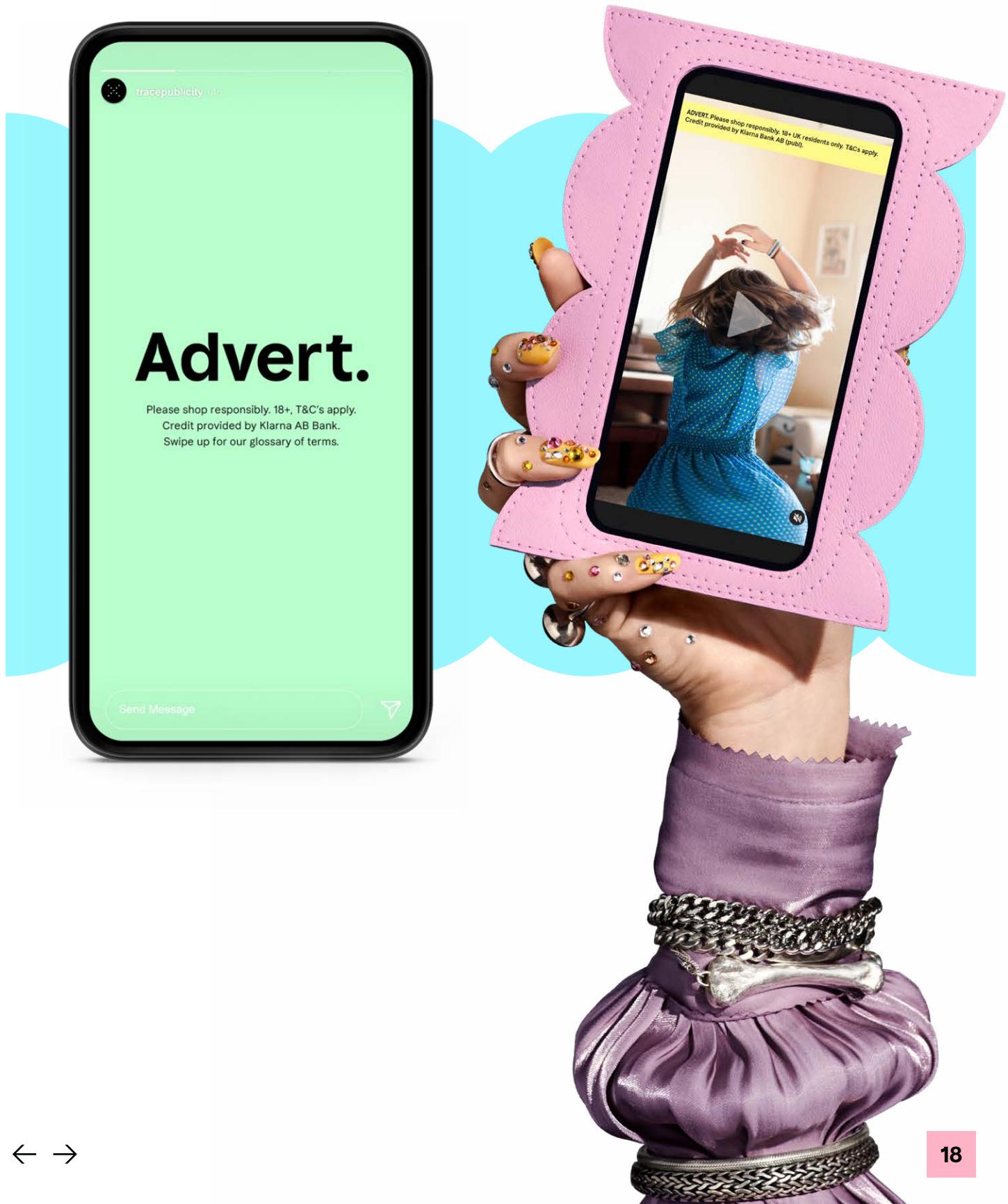
Instagram Reels & TikTok Video.

15 second Reels

- Start with a 2 second branded frame signposting as ADVERT and calling out T&C's
- Potential for influencers to select front frame from a library of options created by brand

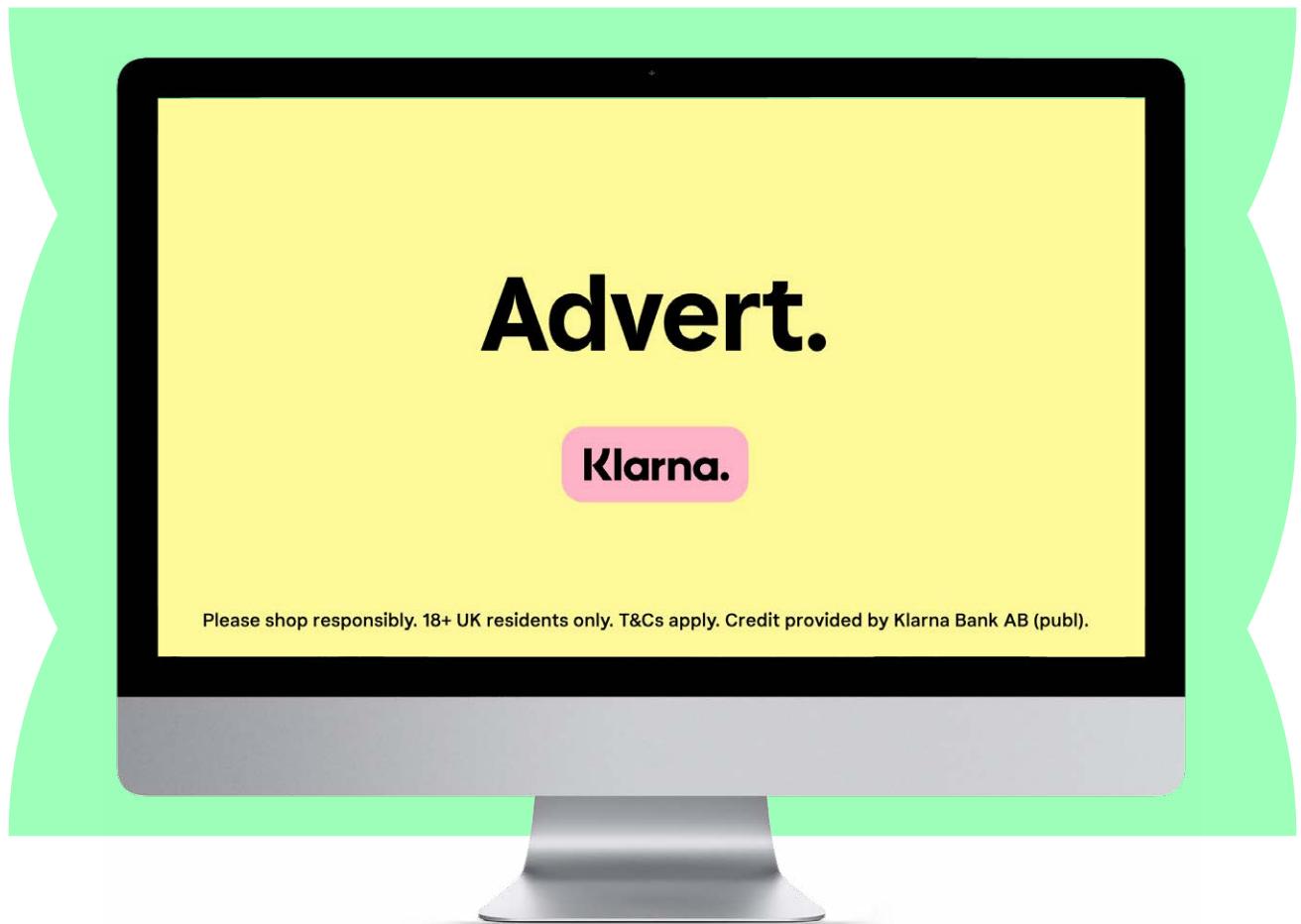
OR

- Banner overlay
- Caption to include call out of relationship
- Edit suite function on the Klarna site to be available to support on this function as part of our influencer toolkit
 - which would be for use by paid influencers to enable swift adoption



YouTube.

- Start with a Klarna filmed pre roll calling out full T&C's and clearly labelling as ADVERT
- Title & Description to include call out of relationship as paid ADVERT at the start

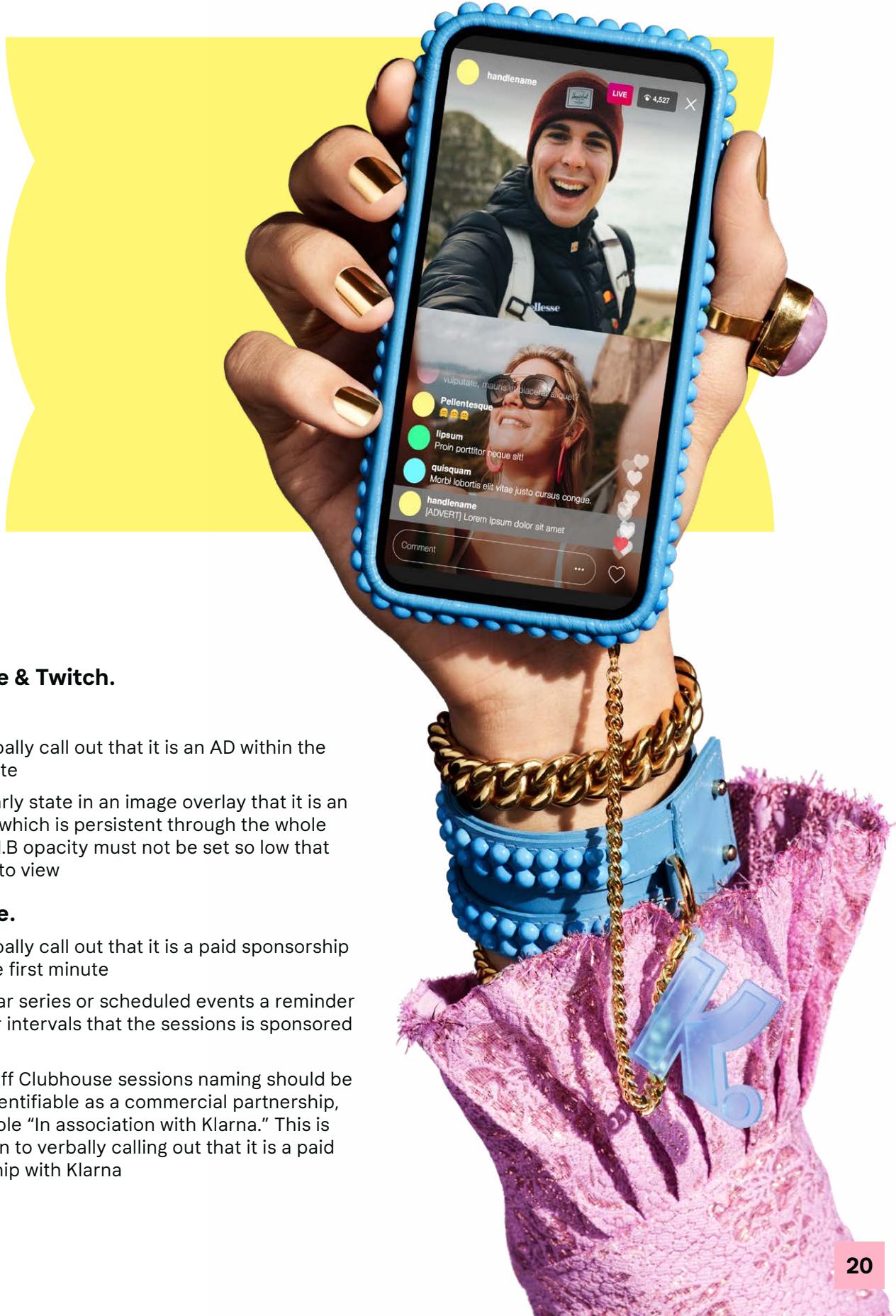


IGTV (Instagram TV).

- Start with a Klarna filmed pre roll calling out full T&C's and clearly labelling as ADVERT
- Potential for influencers to select front frame from a library of options created by brand

Instagram Live.

- Must verbally call out that it is an ADVERT within the first 1 minute and state in intervals throughout the live
- Must state in the caption that it is an ADVERT clearly
- Must pin caption to the screen throughout entire broadcast



Clubhouse & Twitch.

Twitch.

- Must verbally call out that it is an AD within the first minute
- Must clearly state in an image overlay that it is an ADVERT, which is persistent through the whole stream. N.B opacity must not be set so low that it is hard to view

Clubhouse.

- Must verbally call out that it is a paid sponsorship within the first minute
- For regular series or scheduled events a reminder at regular intervals that the sessions is sponsored by Klarna
- For one off Clubhouse sessions naming should be clearly identifiable as a commercial partnership, for example "In association with Klarna." This is in addition to verbally calling out that it is a paid partnership with Klarna

Chapter 7. The future of the Council.

Our ambition is for the Council to continue to meet twice a year*. At least 50% of the Council will attend to ensure consistency.

The first Council follow-up meeting will be scheduled for November this year (date tbc).

*Please note, should an incident arise or there be a seismic shift in public opinion, new concerns raised from our survey or new platforms erupting (e.g. Clubhouse) then we'd look to organise a Council session sooner to allow us to respond in a timely manner.

Chapter 8. What do we want to see?

We want widespread adoption of the whitepaper and influencer guidelines across the entire financial sector and ideally to drive a movement within all influencer marketing.

- Platforms to find solutions such as paid partnerships on Instagram and rollout to all inventory. Platforms to ensure that targeting can be implemented to only allow financial services content to be served to those of an appropriate age e.g. over 18 or 21 dependent upon the product
- Platforms to endorse the Klarna whitepaper and develop their own codes for brands and influencers to adhere to
- Platforms to hold influencers and brands accountable for misleading consumers
- Regulators and government to launch bi-annual training for anyone in influencer marketing to train people on latest guidelines etc.
- Email/ newsletters from regulators on what has changed etc.



Chapter 9.

How to get in touch for further information.

If you would like any further information regarding the Council, findings in this publication or to participate in future discussions, please contact:

influencercouncil@klarna.com

How can people access the information?

Individuals.

The information for individuals will be hosted on the Klarna website page for easy access/download.

Influencers.

Influencers will be invited to the Klarna Locker, where only those working on paid campaigns with Klarna can access the relevant stickers, tags or screens.

Brands.

All brands will be able to access the guidelines and relevant items that are sat on Klarna hosted page for easy access/download.

Agencies.

Agencies will be invited to the Klarna Locker, where only those working on paid campaigns with Klarna can access the relevant stickers, tags or screens.

Access asset tool kit [here](#)

Access Influencer Council site [here](#)



The logo consists of a large, solid light green circle centered on a pink background. The word "Klarna." is written in a bold, black, sans-serif font, positioned in the center of the green circle.

Klarna.