

FINTECH REPORT

SIXTH EDITION

New Prospects for
the Fintech Industry

2025

Swedish
FinTech
Association.

SUMMARY

The proportion of companies that raised capital increased slightly during the year and there has also been an improvement in the access to capital. A similar trend also applies to the workforce, with a higher proportion of companies having expanded their workforce while fewer employees have been let go. The regulatory burden remains heavy for many member companies. Moreover, just under a third of the companies have had difficulty getting a bank account with a Swedish bank.

SweFinTech's goal is for the fintech industry to continue to grow and be competitive. In this report we have compiled our members' views on the development of the fintech industry.

TABLE OF CONTENT

| | |
|--|-----------|
| SweFinTech's member companies | 7 |
| 01. DEVELOPMENTS IN THE SWEDISH FINTECH INDUSTRY IN 2024 | 8 |
| Signs of an improved labour market | 11 |
| 02. POLICIES & REGULATIONS | 16 |
| SweFinTech's policy proposals | 17 |
| Understanding of the industry among decision-makers is deteriorating again | 20 |
| 03. ABOUT THE REPORT | 30 |
| Methodology and data | 31 |
| Authors | 32 |
| References | 33 |

Swedish FinTech Association.

The Swedish FinTech Association (SweFinTech) is an industry association that gathers one hundred companies from the Swedish fintech sector with the mission of improving the conditions for fintech in Sweden. The association was founded in 2017 and has an important role in creating a bridge between authorities, decision-makers and the business community.

SweFinTech's vision is to be a relevant voice in the public debate and to contribute to Sweden becoming the country with the best opportunities for fintech companies to become established and develop.



PURPOSE OF THE REPORT

This is the sixth edition of SweFinTech's annual report, primarily aimed at increasing knowledge about the Swedish fintech industry and helping to create even better conditions for its growth. As in previous years, the report will give an up-to-date picture of the Swedish fintech industry, describe how the industry has developed in 2024 and address the challenges faced by Swedish fintech companies.

SWEFINTECH TAKES THE NEXT STEP FORWARD

During the summer a new Secretary General, Roslana Cederhage, took up her position at SweFinTech. With Roslana's solid experience in press and communications, this marked a new start for the association. A new strategy has quickly been set in motion with a focus on greater transparency, stronger communication both internally within the association and externally towards those in power, and a more active presence in public debate. The aim is to increase understanding of the fintech industry and its importance for society and Swedish consumers. Fintech contributes with new solutions, not least to areas prioritised by the government such as preparedness efforts, for example resilient payment service solutions in times of crisis, and law enforcement, such as analysis of payment account data for forensic purposes.



PHOTO: ALICE BREMBERG

Globally SweFinTech sees how the fintech industry is driving financial democratisation, particularly in developing countries. At EU level changes are continuing in the form of legislative measures to strengthen individuals' right to their digital data. This puts the consumer at the centre and enables continued development of user-friendly services. Financial technology makes everyday life easier and smoother for everyone. From efficient payments to smarter financial solutions, fintech is already a natural part of both private and work life.

Sweden is firmly on the international fintech map and is regularly ranked highly in international innovation surveys. In the autumn SweFinTech reached an important milestone, as we welcomed our hundredth member company – illustrating the ambition that continues to move the industry forward.

It is within this context that SweFinTech is taking the next step. We are ready to strengthen the role of the fintech industry further and improve the conditions for its growth and development.

Roslana Cederhage

Secretary General, SweFinTech

SWEFINTECH'S MEMBER COMPANIES

SweFinTech has grown during the year and gone from 93 member companies in 2023 to 100 companies in 2024. Amongst the member companies who primarily operate within fintech, the companies are active in several different product segments.

21%

Payments and Transfer



Bolageriet, Brite, Centiglobe, D2I, Finshark, GoKind, Juni, Klarna, Lesslie, Lunar, Open Payments, Payer, Plusius, Qliro, Surfboard Payments, Tidypay, Transfer Galaxy, Trust Anchor Group, Trustly, Worldline, Zimpler.

17%

Lending



Billender, Anyfin, Bliq, Caporum consulting, Creddo, DBT Capital, Enklare, Fairlo, Fedelta, Fortnox, Krea, Kreditz, Lendo, Lånekoll, Lånestopp, Sambla, Toborrow.

16%

Software-as-a-Service



CTI, Enable Banking, Fimento, Gimi, Huddlestock, Insurely, Metafore, Nordiska, Pliance, Sharpfin, Swimbird, Tab, Tink, Vilja, Zwapgrid, ZWEBB.

8%

Wealth Management



Brocc, Coeo, Fxity, Invoier, Lysa, Opti, Savelend, Zlantar.

4%

Investment and Trading



Centevo, Fondab, Fondo, SAVR.

3%

Crypto and blockchain



Goobit, Safello, Trijo.

3%

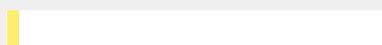
RegTech



Pliance, Springflod, Strise.

3%

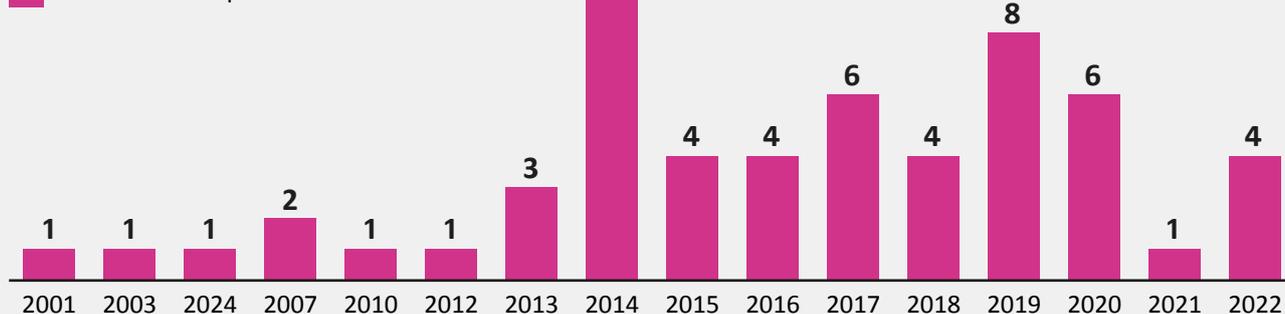
Crowdfunding



FundingPartner, Kameo, Tessin.

What year was the company founded?

Number of companies





01.

**DEVELOPMENTS IN
THE SWEDISH FINTECH
INDUSTRY IN 2024**

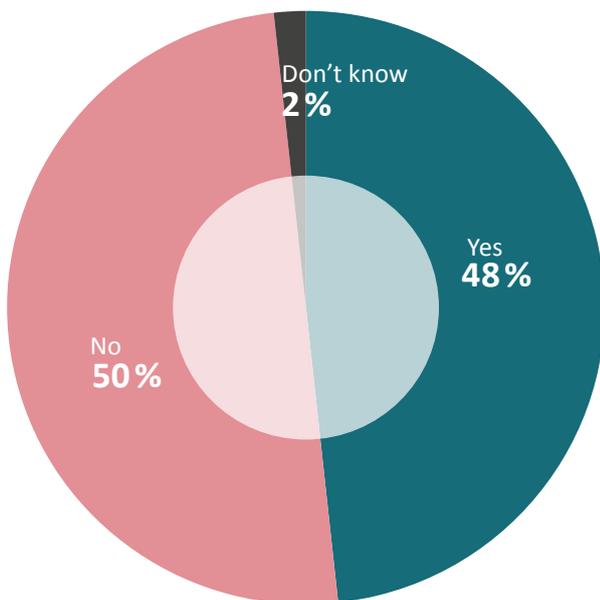
WITH THE HOPE OF BETTER TIMES TO COME

Recent years have been challenging for the fintech industry, with high inflation and a more reticent capital market. The association’s last two reports have reflected a clear shift; the companies have switched from growth to profitability, with a major focus on extending their runway (survival time without additional capital). The supply of capital continued to decline globally in 2024. In the first half of the year global investments in fintech fell by 19 percent compared with the first half of 2023,¹ while the amount of capital invested in fintech in Europe fell by 25 percent compared with the first half of 2023.² Recently, however, the rate

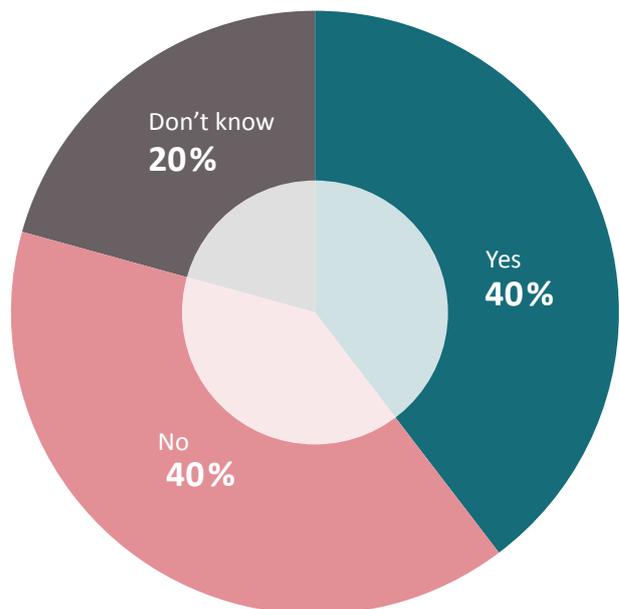
of inflation has slowed, interest rates have been lowered and the macroeconomic situation may be about to change. Have fintech investments bottomed out?

That times may be improving can be discerned among SweFinTech’s member companies, with only 23 percent of the companies believing that it has become more difficult to raise capital over the past year. This is significantly lower than the 59 percent reported in last year’s report. At the same time, 48 percent of the companies raised capital in 2024 compared to 45 percent in 2023.

Have you raised capital in 2024?



Do you need to raise capital during the coming year?



Companies that have raised capital over time

Year 2021

52%

took in capital

Year 2022

47%

took in capital

Year 2023

45%

took in capital

Year 2024

48%

took in capital

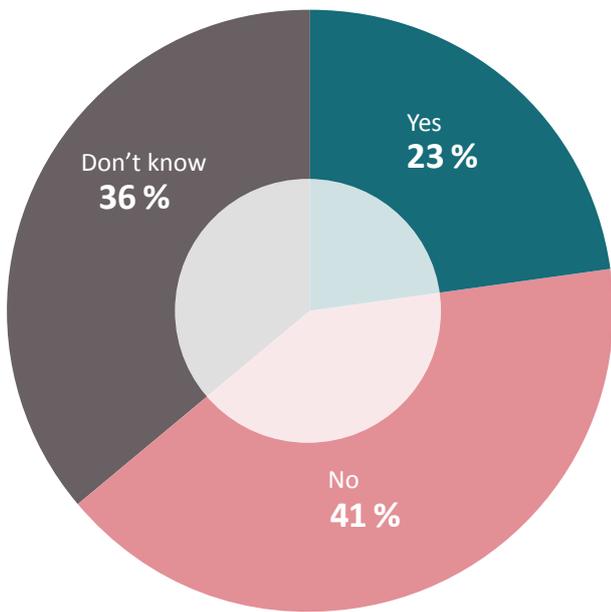
¹ Innovate Finance (2024) "H1 2024- Fintech investment landscape"

² Finch Capital (2024) "State of European Fintech 2024"

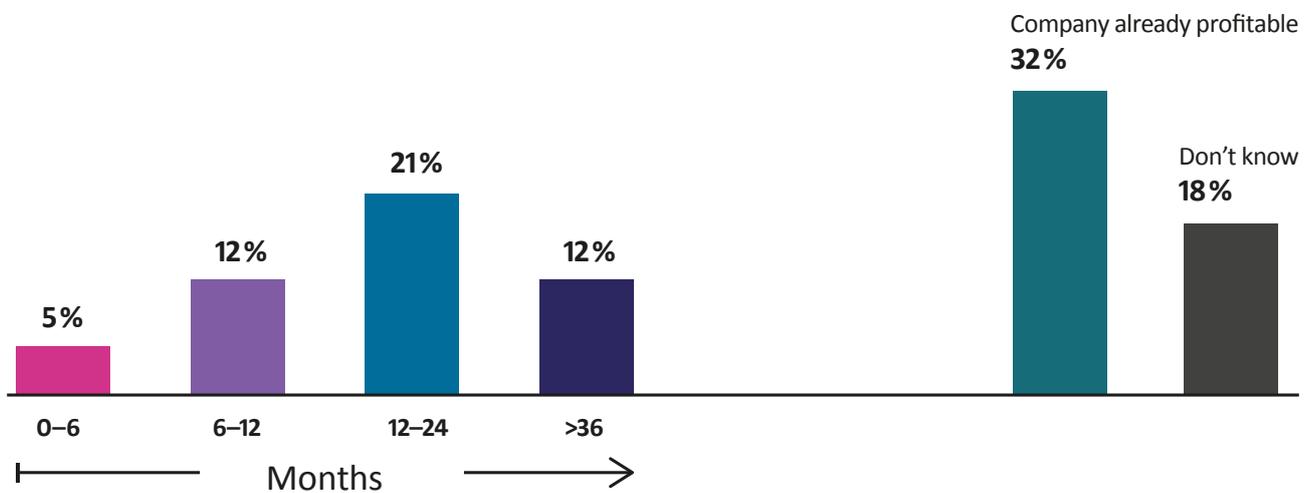
Another indication that the capital market may be improving is that only one percent of the companies have had to pause a funding round in 2024, while the figure was 6 percent in 2023 and 11 percent in 2022. A total of 40 percent of the association's members need to raise capital in the coming year, which is similar to the situation last year, whilst one fifth responded that they are unsure whether or not capital needs to be raised.

Another interesting aspect is that 36 percent of the companies consider themselves to be profitable, which is a decrease of seven percentage points from the previous year. The survival time amongst the companies who are not yet profitable varies. 17 percent of the companies can make it up to one year without an inflow of capital whilst the percentage of companies able to survive for three years or more has fallen from 29 percent to 12 percent.

Do you think it has become more difficult to raise capital in 2024?



If the company does not raise new capital, how long can you remain in business?



SIGNS OF AN IMPROVED LABOUR MARKET

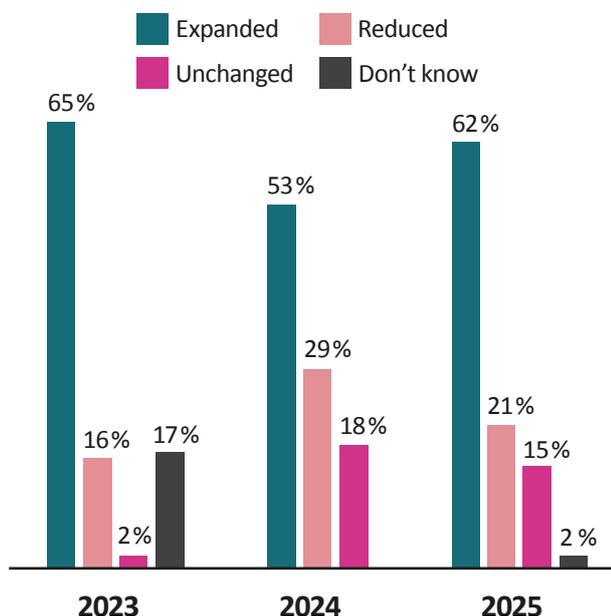
The uncertain economic situation, combined with a greater focus on profitability, has resulted in the recruitment rate among the companies decreasing in recent years. Now a turnaround can potentially be discerned, as 62 percent of the companies hired new employees in 2024 – an increase by 9 percentage points compared to last year. At the same time, the proportion of companies that had to reduce their workforce during the past year decreased by 8 percentage points. Reasons given for letting employees go include a focus on profitability, streamlining and reduced demand. 74 percent of member companies believe that they will need to hire more employees in 2025, which is a slight increase of three percentage points

from the previous year. 45 percent of respondents believe that it has become easier to find relevant skills in the past year, which is similar to last year's figure, while only 8 percent answered that it has become more difficult. According to venture capital firm Atomico, Europe as a whole has a recruitment pool of three and a half million people in tech today, with the majority of the growth of such talent having taken place in the past 10 years at a rate comparable to that in the US. Atomico also sees an improvement in the labour market among VC-backed tech companies, with the number of advertised positions having increased by 24 percent over the past six months,³ while TechSverige reports that 265,000 people are employed in tech in Sweden.⁴

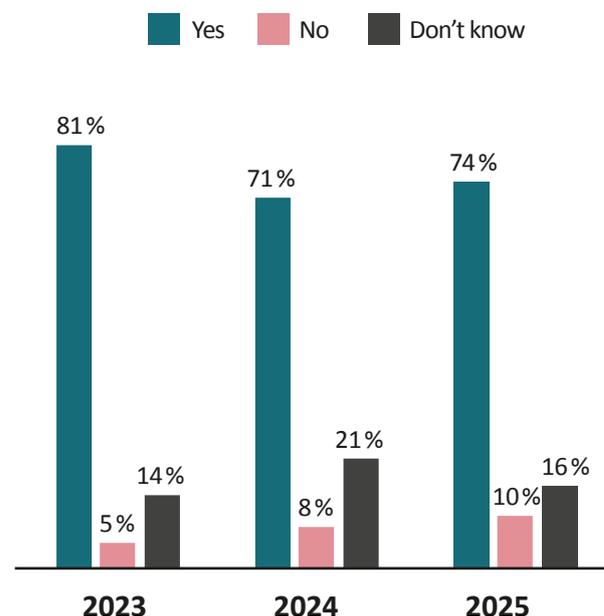
3 Atomico (2024) State of European Tech

4 TechSverige (2024) "Svenska Techbranschen 2024"

How has your workforce changed during the year?



Do you need to recruit 2025?

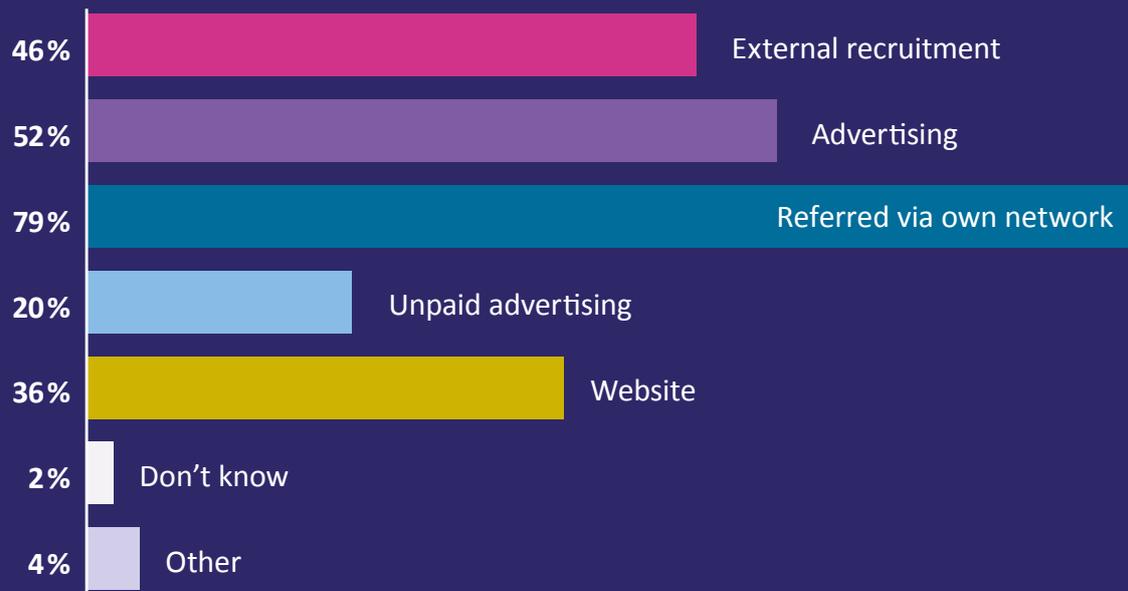


HOW THE FINTECH COMPANIES FIND THEIR EMPLOYEES

As regards finding and recruiting personnel, referrals through their own network is one of the most common ways of finding new employees. This is closely followed by advertising and external recruitment. A few years ago, access to talent was one of the association's key issues, but the recent economic downturn has made this issue less relevant – although some types of competencies are still difficult to get hold of. There is also a tendency to streamline and slim down the workforce by using artificial intelligence.

How have you gone about finding/recruiting personnel?

Note: Multiple choice



TRENDS IN THE LABOUR MARKET

According to SweFinTech’s member company Blaq, a recruitment company specialising in financial recruitment, 2024 can be characterised as a year of stabilisation. A number of companies, including some major banks, have halted recruitment and the market situation has generally made candidates more cautious, which has contributed to a slowing of the recruitment rate compared with previous years. The focus has been on recruitment within governance and control rather than visionary competencies such as business development. Management skills have been in demand, especially CEOs and CFOs with experience of streamlining and transitioning businesses. Alongside this, the implementation of new legislation has provided an uptick for compliance functions – particularly in relation to the EU’s Digital Operational Resilience Act (DORA).

Technical expertise is more in demand as AI becomes an increasingly important component both in business models and as a daily tool. In general, both traditional players and fintech companies are increasingly demanding technical expertise. However, fintech companies find it easier to access this expertise through their own network – in

contrast to banks, which have a greater need for external recruitment assistance. Meanwhile it may be more challenging for fintech to recruit management and compliance roles.

That companies are transitioning from growth to profitability is partly a sign of uncertain times but may also be an indication that companies are preparing a stable foundation from which they can grow when the market picks up. Like SweFinTech, Blaq has seen a potential improvement in the labour market as activity increased in Q3 and Q4 of 2024. “It looks like the recruitment needs as a whole will increase in 2025,” says Jacob Dickens, Head of Executive Search at Blaq, while pointing out that it is always difficult to predict the future.



It looks like the recruitment needs as a whole will increase in 2025.

Jacob Dickens,
Head of Executive search, Blaq



THE SWEDISH CAPITAL MARKET MAY BE IMPACTED BY THE CAPITAL MARKETS UNION

Work is underway in the EU to create a Capital Markets Union, with the aim of making capital available to European companies. This is part of the work to make Europe more competitive, given that a number of reports commissioned by the European Commission noted that Europe is lagging behind the US and China in economic development. Mario Draghi, economist and former President of the European Central Bank, was commissioned by the EU to examine the EU's competitiveness in 2024. His report calls attention to the dynamism of the Swedish capital market, based on the large proportion of private capital and a population that invests actively in funds and shares. This has contributed to the creation of many innovative companies in Sweden and to the Stockholm Stock Exchange having performed better than other stock exchanges over time.⁵ Now the European Commission is looking to Sweden for inspiration and the government is actively working on the matter.

The goal of improving the EU's capital market is positive. Companies within the EU have had to rely too heavily on funding from banks – which, due to burdensome regulatory requirements, do not want to take on high risk and are therefore less likely to finance early-stage startups that often have a way to go to before reaching profitability. However, it is important that this is done in the right way. Rather than Sweden being dragged down to the middle, the remaining EU countries should be pulled up to Sweden's level.

⁵ Draghi, Mario (2024) "The future of European Competitiveness. Part B In-depth analysis and recommendations "





02.

POLICIES & REGULATIONS

SWEFINTECH'S POLICY PROPOSALS

2024 was an intense year for regulation of the financial industry. Europe's new Anti-Money Laundering Regulation (AMLR) was published in the Official Journal of the EU and companies have a couple of years to adapt their operations to the new rules aimed at harmonising anti-money laundering efforts within the EU. As part of these efforts a number of technical standards are being developed that are intended to ensure a common basis for interpretation of the regulation.

Another part of the EU's anti-money laundering package is the new EU Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA). It will be directly responsible for the supervision of large cross-border institutions with high money laundering risk and has the power to take over supervisory matters from national supervisory authorities. Alongside this the companies have worked on implementing the Digital Operational Resilience Act (DORA), a regulation that came into force on the 17th of January 2025.

On the home front there has been turmoil surrounding the existence of consumer credit institutions, with contradictory proposals from the Ministry of Justice and the Ministry of Finance resulting in great uncertainty for companies operating in the field.

WHAT PROGRESS IS THERE ON THE ASSOCIATION'S PROPOSALS?

1. Strengthening the right to bank accounts for fintech companies

It should be a legal requirement that banks must provide a written report on the reasons for de-risking fintech companies. The companies should also have the right to appeal the decision to the Financial Supervisory Authority (FSA).

The problem of access to bank accounts remains and no action to resolve the issue has been presented.

2. The Financial Supervisory Authority should introduce regulatory guidance for innovative companies

The FSA should be inspired by the UK's Financial Conduct Authority and introduce regulatory guidance for innovative companies.

Sweden's financial supervisory authority Finansinspektionen (FI) is currently surveying how it can improve its guidance but has not presented any concrete proposals on guidance for innovative companies.

3. The Swedish Competition Authority should investigate competition in the financial market

SweFinTech wants the Swedish Competition Authority to have clearer tools for conducting industry-specific investigations and to investigate competition in the financial market.

No inquiry to investigate competition in the financial market has been formally announced.

4. The government should reinstate funding for Vinnova to support early-stage startups

The government should invest in promoting and maintaining an innovative startup market in Sweden and should increase funding for research and innovation to a level that better secures state funding even for small innovative companies.

The Innovation Bill was presented in mid-December 2024. Support for research and innovation is increasing, but the main focus is on the development of groundbreaking technology. Vinnova is being awarded half a billion Swedish kronor to support the development of quantum technology, AI, biotechnology and semiconductors, among other things.⁶ It would be desirable if some of the funds could also be utilised by the fintech industry.

5. More actors should be included in efforts to futureproof the financial infrastructure

To future-proof the financial infrastructure it is important to include more actors than just the traditional banks in the dialogue and to make the finished infrastructure accessible to them.

Updating the financial infrastructure is being carried out in collaboration between the banks. A report on the development of payment infrastructure, commissioned by the Riksbank, notes that in other markets the payment infrastructure has a broader market base which also includes smaller banks and payment institutions.⁷

6. The Financial Supervisory Authority (FSA) should engage in deepened dialogue with the Fintech Industry in accordance with the new political directive for the FSA to improve the analysis of innovations and digitalisation in the financial market.

Some progress has been made on this goal. FI has recently carried out various surveys of new technologies, including a survey of how open financial services are used in Sweden and a survey of AI use within the financial industry. As part of this, it has both held meetings with industry organisations and sent out surveys to companies under supervision.

7. The FSA should introduce a regulatory sandbox to promote innovation in the financial market.

In June 2024 FI released a report stating that it is once again saying no to a regulatory sandbox⁸ at the authority.

8. Regulators should provide fintech companies with better access to guidance in regard to regulatory compliance as well as during permit processes.

The government tasked a number of agencies with starting regulatory simplification work in 2024, including FI, which is also to examine how it can improve its guidance. FI has begun this work and held dialogue meetings with industry associations regarding guidance needs, but no concrete proposals have been made.

6 Regeringen (2024) "Forskning och innovation för framtid, nyfikenhet och nytta"

7 Richards, Tony (2024) "Swedish payments infrastructure priorities in a rapidly changing payment landscape"

8 Regulatory sandboxes enable innovators, entrepreneurs, and regulators to test and systematically explore how regulations for innovation can work in practice, by testing new ideas, products, business models and services in a controlled real-world environment under the supervision of a supervisory authority (Entreprenörskapsforum 2024 "Regulatoriska sandlådor som policyinstrument")

9. The system for qualified employee stock options should be expanded to include the financial sector.

This summer the government presented the report "Förenkla och förbättra!" ("Simplify and improve"), which examines how the 3:12 rules on tax relief can be revised to improve the tax conditions for entrepreneurs. The proposals do not address the expansion of employee stock options, however, and the tax relief around payroll costs is not likely to have a major effect on companies that use employee stock options as they do not have large payroll costs to factor in. Employee stock options are an essential tool for attracting and retaining talent, especially to be able to compete for expertise internationally as it is something that is often offered by international companies.

10. Authorities should ensure that all regulated market participants have access to the financial infrastructure.

This summer the memorandum "Nya förutsättningar för Riksbankens finansiering" ("New conditions for the financing of Sveriges Riksbank") was released, which implements changes to the EU's Settlement Finality Directive and allows e-money and payment institutions to participate in settlement systems with effect from April 2025. In mid January 2025 the Riksbank had not yet released updated criteria for participation in RIX-INST, its settlement system for instant payments. It is therefore too early to say whether the goal has been achieved, but it is well on the way.

11. An Open Finance regulation should be introduced and include a broad spectrum of financial services in order to increase competition in the financial market.

Intense negotiations on FiDA⁹ took place in the Council of Ministers during autumn 2024, with many issues to resolve. Trilogue negotiations are expected to begin in the spring of 2025 and FiDA will probably not enter into force until 2027.

12. The European Commission's proposal on Instant Payments should be implemented quickly and Swedish legislators should ensure that it is also applicable for Swedish currency.

The EU's Instant Payment Regulation (IPR) will take full effect in October 2025, making it a requirement for banks to be able to send instant payments in the eurozone (in Sweden this will not be a requirement until 2027 and then only for payments in euro). No corresponding requirement relating to Swedish kronor has been added. The Riksbank has nonetheless opened up RIX-INST, its infrastructure for settlement of instant payments, to more payments in addition to Swish.¹⁰ This enables more actors to offer instant payments. However, it is up to the banks to enable their bank account holders to use those services.

13. A national debt register should be introduced for consumer credit to improve consumer protection.

The government has chosen not to proceed with the proposal for a register of debt and credit information as presented in the inquiry into over-indebtedness in 2023. There is a majority in the Riksdag in favour of a national and comprehensive debt register, however, and the Riksdag has issued a directive to the government to introduce a debt and credit register.¹¹

⁹ Financial Data Access, the European Commission's proposed framework for open financial services

¹⁰ Sveriges Riksbank (2024) "More payments than Swish can now reach recipients instantly"

¹¹ Civilutskottets betänkande (2024/25:CU5) "Ett förstärkt konsumentskydd mot riskfylld kreditgivning och överskuldssättning"

UNDERSTANDING OF THE INDUSTRY AMONG DECISION-MAKERS IS DETERIORATING AGAIN

The perception of decision-makers understanding of the industry has varied in recent years. During the period 2020–2022 it improved but SweFinTech can now report that the understanding of the industry seems to have declined again, with a full 62 percent of respondents believing that the understanding is low – a clear deterioration of five percentage points from the previous year. SweFinTech is not alone in reporting this; the Stockholm Chamber of Commerce also shares this view, with Stockholm ranking the lowest among eight tech hubs as regards the perceived understanding of the industry by politicians.¹² One example of this is that over the past year SweFinTech has experienced a lack of clarity from politicians regarding

the development of consumer credits. Consumer credit institutions have been given two different messages by two different ministries. One is a memorandum from the Ministry of Finance called “Stärkt konsumentskydd på kreditmarknaden” (“Strengthening consumer protection in the credit market”) proposing that only credit institutions be allowed to issue and intermediate consumer credit, which could result in various companies having to close down their operations and in competition being restricted.¹³ In parallel, the first interim report in the Consumer Credit Inquiry has been submitted to the Ministry of Justice, which has made an alternative proposal that some consumer credits may instead become regulated by the Mortgage Business Act.¹⁴ This has created a great deal of confusion and lack of clarity for the industry, which does not know which proposal will apply.

12 Stockholms Handelskammare (2024) “Tech for Tomorrow”

13 Finansdepartementet (2024) “Stärkt konsumentskydd på kreditmarknaden”

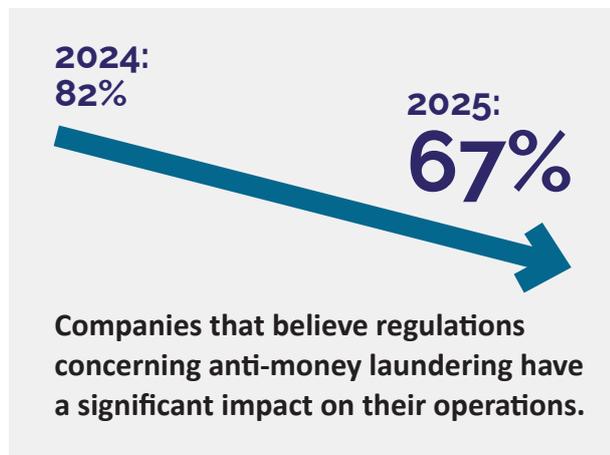
14 SOU 2024:69 “Ett nytt konsumentkreditdirektiv”



A HEAVY REGULATORY BURDEN REMAINS

Regarding the regulatory burden that the companies have to contend with 67 percent of the companies believe that regulations concerning anti-money laundering and combating the financing of terrorism (AML/CTF) are having a significant impact on their operations, and it is thus the most burdensome. However, this is a decrease

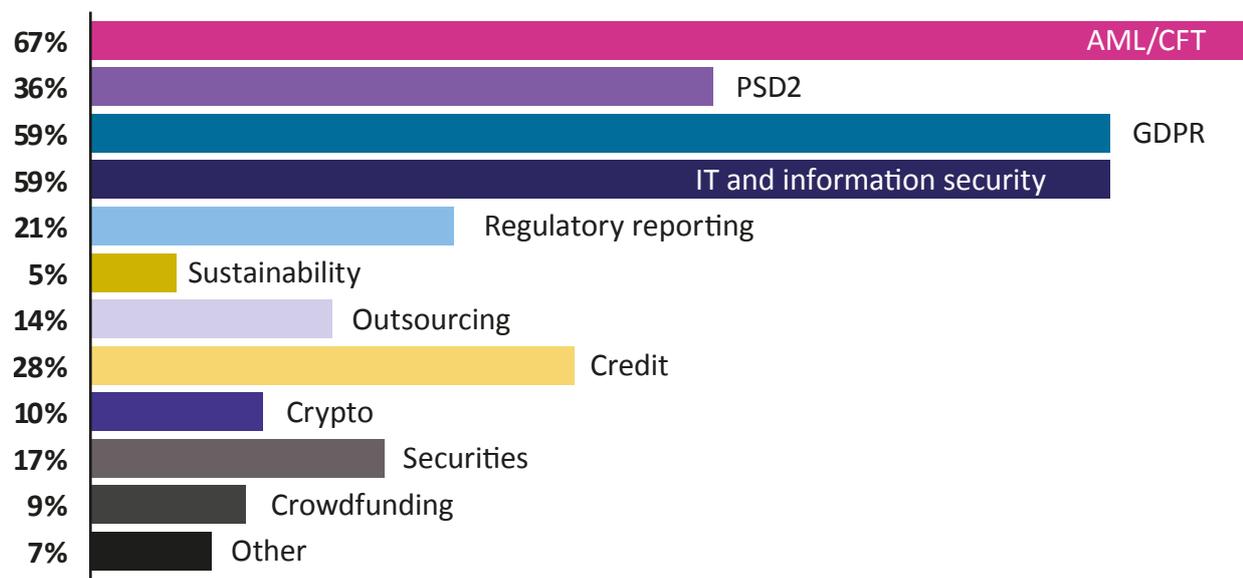
of 15 percentage points from the previous year. In contrast, the proportion of companies stating that IT and information security is having a major impact has increased by six percentage points, which may be due to the entry into force of the Digital Operational Resilience Act (DORA) on the 17th of January 2025. Renegotiating third-party agreements to meet the requirements of the Act has also been burdensome. Some 59 percent of the companies believe that the General Data Protection Regulation (GDPR) is having a major impact on their operations and 78 percent of the companies feel that the regulatory burden is heavy, which is in line with previous reports.



In total, 69 percent of the companies are under the supervision of FI, Sweden’s financial supervisory authority, and 26 percent of the companies have applied to FI for a licence during the year.

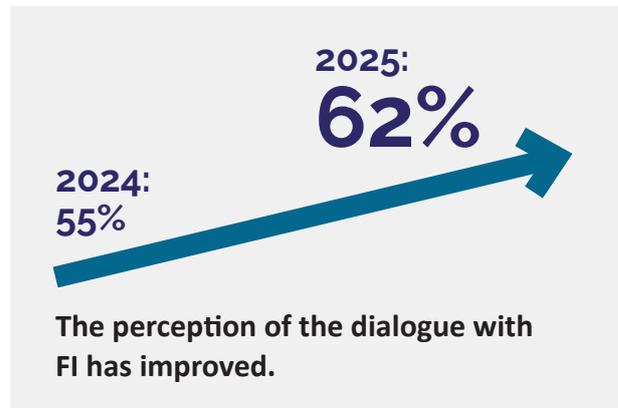
Which regulation(s) have had the greatest impact on your company’s operations?

Note: This is a multiple choice question



THE DIALOGUE WITH FI HAS IMPROVED

This year the perception of the dialogue with FI has improved from last year. A total of 62 percent of the companies believe that the dialogue works well, which is an improvement of 7 percentage points. What this is due to is difficult to deduce with certainty, but it is a positive development. FI is currently considering how it can improve its guidance to the market and has as a part of this initiated dialogue with industry associations on how this can be achieved.



REQUIREMENT FOR GUIDANCE IN FI'S APPROPRIATIONS DIRECTIVE, BUT STILL NO REGULATORY SANDBOX

SweFinTech has long asked FI for a regulatory sandbox as a tool for guidance, with the aim of helping innovative companies navigate the regulatory landscape. A regulatory sandbox is a widely used tool in other countries with successful fintech markets, such as the UK and the Baltic states.

In a separate survey on the desired guidance from FI that was sent out to members in autumn 2024, 67 percent said that they would consider participating in a sandbox and a full 76 percent believe that it is a guidance method that the authority should consider. SweFinTech is also open to a sandbox based on the model used by

Integritetskyddsmyndigheten (IMY, the Swedish Authority for Privacy Protection), which is more policy-driven with a focus on grey area issues. The key element of sandbox work is that the knowledge and guidance that arises benefits the entire market, which can be done by acting transparently with written evaluations and reports. IMY itself states that it is very pleased with its sandbox and that it has been of benefit not just to the authority but also to innovators and society in general.¹⁵

In its 2024 appropriations directive FI was tasked with investigating how the authority can improve access to regulatory guidance. Despite the requests in the directive, FI felt that it should not introduce a regulatory sandbox as it believes that the costs outweigh the benefits and that it is unclear how effective these actually are. FI also highlights it as being problematic from a competition point of view because FI might be considered to be favouring some companies over others. Here FI is mainly referring to a certain type of sandbox that is often more innovation-driven, such as the model used by the UK regulator. The report also mentions the sandbox model used at IMY, which according



¹⁵ Integritetskyddsmyndigheten (2023) "Slutrapport pilotprojekt regulatorisk testverksamhet"



to FI involves more dialogue-based guidance, and FI also emphasises that it does not make any exceptions regarding regulatory compliance.¹⁶

During the autumn of 2024 FI investigated alternative methods of guidance in dialogue with relevant industry associations, including SweFinTech. SweFinTech highlighted a number of different options. FI could be inspired by supervisory authorities in other European countries, such as BAFIN in Germany, which conducts regular open consultations that are subsequently published.¹⁷ The answers can then be used as guidance for the companies.

Something that is often requested by the member companies is the facility to be able to telephone an administrator to ask and share thoughts before an application process. A further suggestion is that FI could conduct an internal analysis of frequently occurring questions for various licences/regulations that often lead to requests for guidance. Another is Q&A sessions, as well as procedures for a formal written request for guidance from individuals or trade associations, with FI assessing whether the issue sets established practice and producing guidance.

¹⁶ Finansinspektionen (2024) "FI:s syn på regulatoriska sandlådor"

¹⁷ BAFIN 2024 "Konsultation 06/2024 - Auslegungs- und Anwendungshinweise zum Geldwäschegesetz gemäß § 51 Absatz 8 GWG"

¹⁸ AI-Kommissionen (2024) "Färdplan för Sverige"

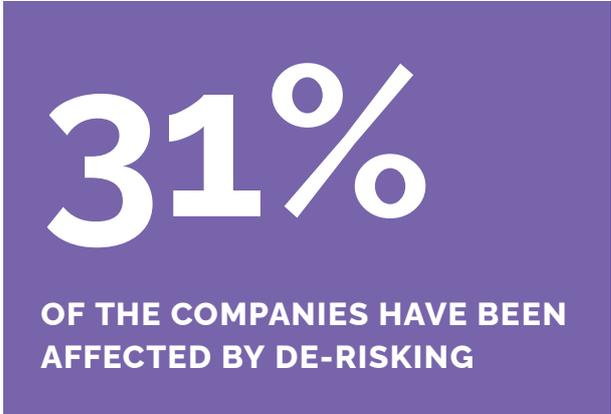
Guidance ahead of a licence application is most in demand among the companies, while guidance is also in demand among companies that have been under supervision for a while, especially when new legislation is implemented.

SweFinTech has also investigated which areas the companies want increased guidance on. Several companies highlight that they want to see guidance on new regulations such as the Digital Operational Resilience Act (DORA) – for example, how the principle of proportionality can be interpreted – and the Markets in Crypto-Assets (MiCA) regulation, where the companies concerned had to submit their licence applications at the end of 2024. Guidance is also desired in relation to anti-money laundering, for example in regard to remote customer onboarding. Guidance on the Payment Services Act is also requested.

Swedish authorities have a service obligation towards companies under their supervision. The fact that FI has been tasked with investigating how it can improve its guidance is positive, but almost a year has passed, and no concrete proposals have been presented. All the while IMY has completed four rounds of its well-regarded regulatory sandbox, and it has also been proposed that it be given an increased mandate in this area in relation to AI development.¹⁸ SweFinTech wants to see the same decisive action at FI.

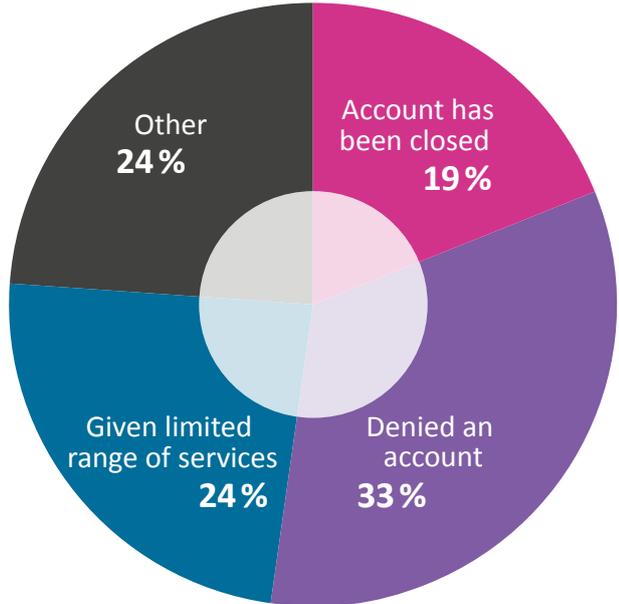
ACCESS TO BANK ACCOUNTS REMAINS A PROBLEM

Since 2021 SweFinTech has monitored the fintech companies' access to bank accounts with Swedish banks. In last year's report SweFinTech reported a dramatic increase in the percentage of companies affected by so-called de-risking¹⁹, as it increased from 18 percent in 2023 to 39 percent in 2024. This large increase has led SweFinTech to follow up on this and the proportion affected by de-risking dropped slightly to 31 percent of the companies in 2025, which is still a high level. Of the companies affected by de-risking, a third have had a request to open an account refused, 24 percent have been given a limited range of services and just under a fifth have been off-boarded by their bank. A majority of those affected have not taken measures to appeal or sought advice to solve the problem. Of those who have done so, barely a fifth have appealed to the bank, while 11 percent have

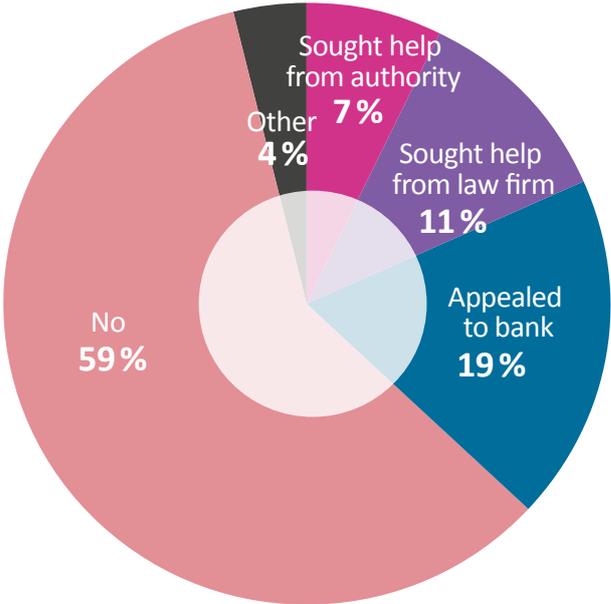


sought help through a law firm. Only four percent have sought help from an authority. When the companies were asked if the legal advice, contact with the account-holding bank or authority had changed the situation, a full 91 percent replied that it had not.

In what way have you been affected by de-risking?



If any of the above occurred, have you tried to seek help or appealed?



¹⁹ De-risking means that a company has had difficulties establishing/maintaining a customer relationship with a bank or has been threatened with so-called off-boarding. For example, the bank no longer provides financial services to a company or provides services to a limited extent.

IT IS TIME TO INTRODUCE A REQUIREMENT FOR INSTANT PAYMENTS IN SWEDISH KRONOR TOO

In May 2025 consumers in the eurozone will be able to pay in euros from their bank accounts in real time thanks to the entry into force of the EU's Instant Payments Regulation (IPR). This will enable third-party providers to continue to develop different payment services for consumers and businesses. An Instant payment means that the money is deducted within ten seconds from the customer's account, irrespective of time and

day. The IPR only applies to payments in euros, however, and there is no equivalent requirement to be able to send instant payments in accounts for Swedish kronor. Nonetheless, Swedish banks need to be able to receive real-time payments from the beginning of November 2024. The ball is now in the hands of the banks, which can open the way for both consumers and businesses to make instant payments directly from their payment account.

SWEDEN WAS AN EARLY ADOPTER OF INSTANT PAYMENTS

Sweden was an early adopter of instant payments through the provider GetSwish, which launched its services as far back as 2012. Since then Swish has expanded its services from only offering person-to-person payments to also offering services for companies and the public sector. However, the problem is that Swish, which is owned by six banks operating in Sweden, is a closed system that is not included in the Second Payment Services Directive (PSD2). Fintech companies, such as payment institutions, cannot therefore build services for instant payments in Sweden because they are made via a separate system. In order to have a wider range of instant payment services the banks need to provide the ability for consumers and businesses to make an instant payment directly from their bank account. This would enable the payment user to choose which service best suits their needs on each occasion.

In many other countries instant payment services have evolved more broadly and include all types of payments. The incidence of instant payments is also much higher in countries such as Thailand and Brazil, despite the fact that the services were added much later than Swish.²⁰

Even our Nordic neighbours Norway and Denmark have overtaken Sweden in this development, as they have a wider range of services for instant payments.²¹ In a study comparing the development of instant payments in 13 countries, Sweden is one of two countries where third-party providers cannot develop services for instant payments.²² Sweden is therefore at risk of falling behind in the development of payment services as competition is restricted, leading to a poorer range of services and products.

It is of the utmost importance that Swedish banks start to offer consumers and companies the opportunity to make instant payments directly in their payment account, without extra charges. If this is not done immediately Swedish legislators should require instant payments in Swedish kronor, similar to the requirement for instant payments in euros that is regulated in the IPR. As a member state of the EU, Swedish citizens deserve the same standard as other Europeans. The European Central Bank enabled banks in the eurozone to send instant payments as early as 2018 but there was weak uptake among European banks, which prompted the legislation.²³

²⁰ Richards, Tony (2024) "Swedish payments infrastructure priorities in a rapidly changing payment landscape"

²¹ Sveriges Riksbank (2024) "Betälningsrapport 2024"

²² Frost, Jon, Priscilla Koo Wilkens, Anneke Kosse, Vatsala Shreeti and Carolina Velásquez (2024), 'Fast payments: design and adoption', BIS Quarterly Review, March, pp. 31–44.

²³ Richards, Tony (2024) "Swedish payments infrastructure priorities in a rapidly changing payment landscape"

FAST PAYMENTS ARE NOT THE PROBLEM

Something that is often highlighted when instant payments are discussed is that the speed of the payment can make it easier for fraudsters to quickly transfer large sums of money. However, the problem lies not primarily in how quickly the payment is made, but rather in the social manipulation of the victim of the crime that precedes the fraud. Tools can be set up to make it more difficult for fraudsters in the case of instant payments. One option which is used in IPR is to introduce a system for verification of payee that clarifies to whom the money is intended to be transferred, providing an opportunity to cancel a fraudulent transaction. In addition, a centralised system can be established for fraud and money laundering analysis. In other markets with a high use of instant payments there are functions in the central clearing systems that, using AI among other things, analyse the flow of payments and flag suspicious transactions.²⁴ This type of tool should be considered as soon as possible when updating central infrastructure – such

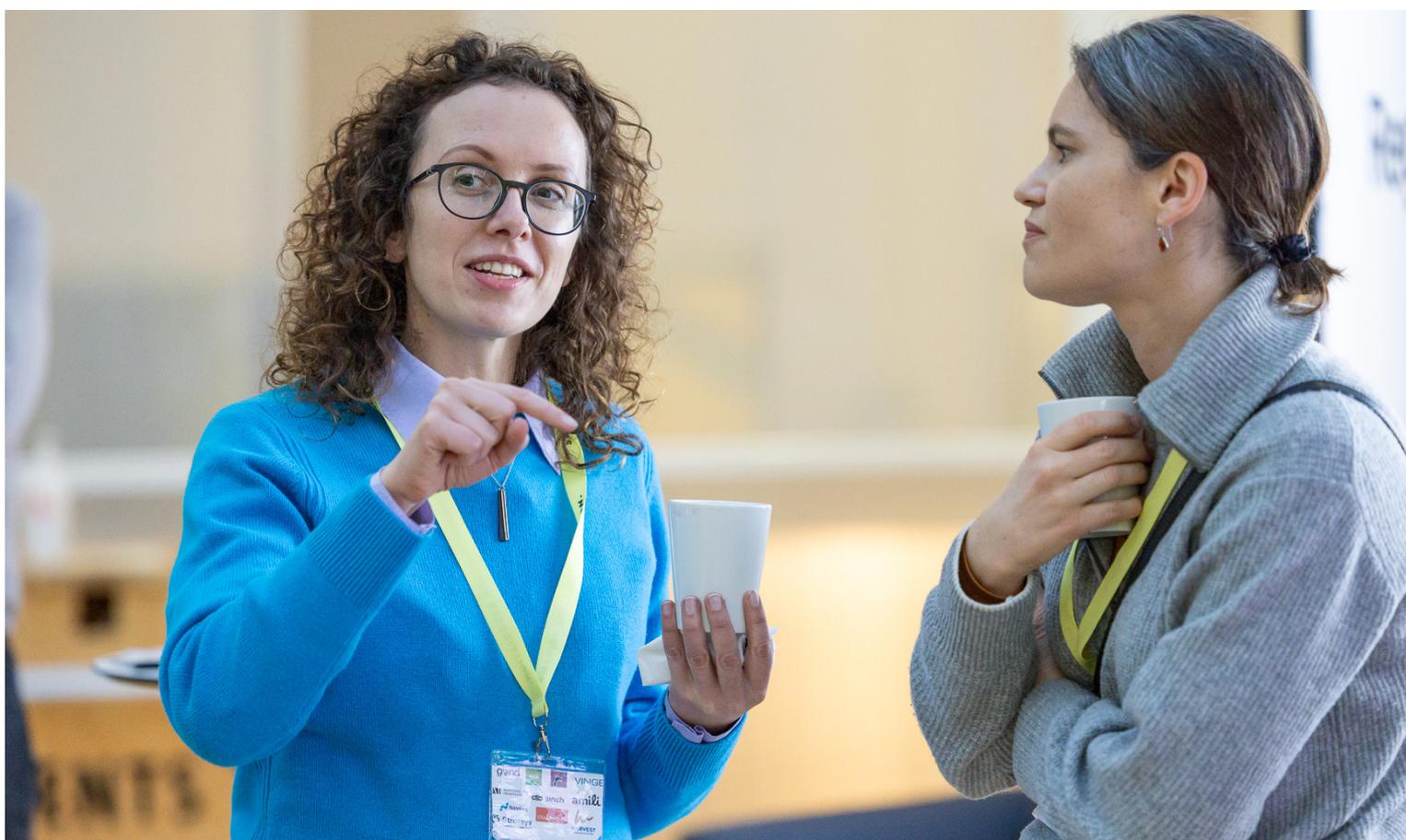
as the bankgirot system, which currently does not meet the information transfer requirements of the anti-money laundering regulation.²⁵

The fintech industry can also contribute to efforts to counter exploitation of the financial system for criminal purposes by analysing payment account data in order to find fraudulent patterns or identify criminal activity.

Payments are the artery of the economy and are a critical societal function. More competition in instant payments in Sweden will increase choice for both consumers and businesses and may at the same time lower the cost of payments. Different payment services have different characteristics that contribute to a wide range of payment options. This creates resilience in the payment system, as consumers and companies have several payment options available in times of crisis.

²⁴ Richards, Tony (2024) "Swedish payments infrastructure priorities in a rapidly changing payment landscape"

²⁵ Finansinspektionen (2024) "Storbanker behöver åtgärda brister i infrastrukturen för betalningar"



A NATIONAL REGISTER OF DEBT AND CREDIT INFORMATION IS NEEDED

In the autumn of 2024, the government proceeded with a number of proposals made in the inquiry into over-indebtedness, including lowering the interest rate ceiling to 20 percent – a measure that SweFinTech supports.²⁶ Unfortunately, the government chose not to proceed with the proposal for a register of debt and credit information. At the same time, the investigation into incorporating the new Consumer Credit Directive into Swedish law has been presented, tightening up the requirements for credit assessment. Without a comprehensive debt and credit register it may be difficult to verify information from the customer and create an up-to-date overall view of the consumer's ability to pay. SweFinTech's member companies active in the field emphasise that a comprehensive debt register is the most effective tool for addressing over-indebtedness. Debt registers are also already in place in both Finland and Norway, countries that have had similar problems with high indebtedness.²⁷ Moreover, there is a majority in favour of a debt register in the Riksdag, which in November 2024 voted through a directive on the establishment of a debt register.²⁸ The government should therefore re-evaluate this matter.

A debt register combined with other measures presented, such as a lowered interest rate ceiling, would be an effective way of reducing

over-indebtedness and a better solution than the government's proposal to introduce a requirement for authorisation as a credit institution in order to grant and intermediate consumer credits. It is a proposal that will reduce the consumer's negotiating power and lead to both worse solutions and higher borrowing costs, as independent consumer credit intermediaries will completely disappear from the market. The proposal also deviates from EU law and the Second Consumer Credit Directive, which clearly states that consumer credit intermediaries must not grant credit themselves – something that would be required if authorised as a credit institution. At the same time, the proposal may severely restrict competition and raise entry barriers in the financial market, since it is very difficult for a startup to apply for and be granted a licence as a credit institution.



A comprehensive debt register is the most effective tool for addressing over-indebtedness.

SweFinTech's members

²⁶ Regeringen (2024) "Ett förstärkt konsumentskydd mot riskfylld kreditgivning och överskuldssättning"

²⁷ SOU 2023:38 "Ett förstärkt konsumentskydd mot riskfylld kreditgivning och överskuldssättning"

²⁸ Civilutskottets betänkande (2024/25:CU5) "Ett förstärkt konsumentskydd mot riskfylld kreditgivning och överskuldssättning"

REGULATION OF DIGITAL ASSETS PAVES THE WAY FOR A NEW APPROACH

Since 30 December 2024 companies active in digital assets have been able to apply for a licence under the MiCA regulation. Crypto-asset service providers will now have to comply with a number of legal requirements aimed at countering market manipulation, strengthening investor and consumer protection etcetera. When digital assets are under supervision, both confidence in the industry and the willingness to invest in digital assets may increase. Interest in digital assets has already increased with the election of Donald Trump as President of the United States, as he is considered

to be positive towards crypto. In mid-December 2024 the value of a Bitcoin had increased by 138 percent since the start of the year, costing over USD 100,000 for the first time.²⁹ Now that digital assets will soon be under supervision, companies operating in the field and complying with legal requirements should be accepted in Sweden and given access to accounts with Swedish banks. At the same time, it is currently very complex to declare profits from digital assets. The taxation of digital assets needs to be both clarified and simplified so that it is easy to do the right thing.

²⁹ Economist (12/12/2024) "Bitcoin is up by 138% this year. It is a nonsense-free rally"



CONCLUDING WORDS

In 2024 the economic downturn in Sweden continued, but it is now possible to discern some light on the horizon – partly from the companies' access to capital and partly from an increase in the recruitment rate.

At the same time, a number of SweFinTech's goals are on the way to being achieved. Payment and e-money institutions will soon have the opportunity to apply to join settlement systems, the Riksbank has enabled more payments to be settled instantly, and FI is surveying how it can improve guidance to companies.

These developments are important for ensuring that the fintech industry is at the forefront. At the same time, there have been setbacks in regard to the consumer credit market which has been living in limbo between two conflicting legislative proposals.

It is clear that SweFinTech is needed to speak for the industry and to secure the conditions for greater competition and better financial services for both businesses and consumers.



03.

ABOUT THE REPORT

METHODOLOGY AND DATA

The analysis in the report is based partly on quantitative data from SweFinTech's member survey and partly on qualitative data in the form of open responses and interviews with representatives of SweFinTech's member companies. The survey was sent out in October 2024 to 86 companies, of which 58 responded. The questionnaire was restricted to member companies whose main activities are within fintech and therefore was not sent out to law firms, consultancies and the like that are included in the total membership count. In total, the survey consisted of 30 questions covering five areas: information and background, financing, recruitment, legislation and regulations, and the financial infrastructure. The questions were both closed-ended (where the respondents chose from predefined options) and open-ended (allowing respondents to elaborate on their answers and reasoning). A large part of the report's content is based on the results obtained by SweFinTech from the survey.

Data is also included from a separate survey concerning desired guidance from FI. In this case 33 companies answered six different questions that consisted of multiple-choice questions as well as open-ended questions.

The information in the report that is not based on responses from the member survey relies on SweFinTech's own knowledge of the fintech industry and information gathered through discussions with industry experts; for example, an interview with member company Blaq concerning trends in the labour market. Secondary sources, primarily from previous studies and reports, were also utilised.

Preparation of the report ran from October 2024 to January 2025.

AUTHORS



Roslana Cederhage

Secretary General,
SweFinTech



Görel Wästerlid

Business Policy Expert,
SweFinTech

REFERENCES

- AI-Kommissionen (2024) "Färdplan för Sverige"
- Atomico (2024) State of European Tech
- BAFIN 2024 "Konsultation 06/2024 - Auslegungs- und Anwendungshinweise zum Geldwäschegesetz gemäß § 51 Absatz 8 GWG"
- Civilutskottets betänkande (2024/25:CU5) "Ett förstärkt konsumentskydd mot riskfylld kreditgivning och överskuldssättning"
- Draghi, Mario (2024) "The future of European Competitiveness. Part B In-depth analysis and recommendations"
- Economist (12/12/2024) "Bitcoin is up by 138% this year. It is a nonsense-free rally"
- Entreprenörskapsforum 2024 "regulatoriska sandlådor som policyinstrument"
- Finansinspektionen (2024) "FI:s syn på regulatoriska sandlådor"
- Finansinspektionen (2024) "Storbanker behöver åtgärda brister i infrastrukturen för betalningar"
- Finansdepartementet (2024) "Stärkt konsumentskydd på kreditmarknaden"
- Frost, Jon, Priscilla Koo Wilkens, Anneke Kosse, Vatsala Shreeti and Carolina Velásquez (2024), 'Fast payments: design and adoption', BIS Quarterly Review, March, pp. 31– 44.
- Innovate Finance (2024) "H1 2024- Fintech investment landscape"
- Integritetsskyddsmyndigheten (2023) "Slutrapport pilotprojekt regulatorisk testverksamhet"
- Regeringen (2024) "Ett förstärkt konsumentskydd mot riskfylld kreditgivning och överskuldssättning"
- Regeringen (2024) Regeringens proposition 2024/25:60 "Forskning och innovation för framtid, nyfikenhet och nytta"
- Richards, Tony (2024) "Swedish payments infrastructure priorities in a rapidly changing payment landscape"
- Stockholms Handelskammare (2024) "Tech for Tomorrow"
- SOU 2024:36 "Förenkla och förbättra!"
- SOU 2024:69 "Ett nytt konsumentkreditdirektiv"
- SOU 2023:38 "Ett förstärkt konsumentskydd mot riskfylldkreditgivning och överskuldssättning"
- Sveriges Riksbank (2024) "More payments than Swish can now reach recipients instantly"
- TechSverige (2024) "Svenska Techbranschen 2024"

**A BIG THANK YOU TO THOSE
WHO ATTENDED FINTECH DAY
ON 14 NOVEMBER 2024!**





**Swedish
FinTech
Association.**



SWEFINTECH



SWEFINTECH



SWEFINTECH

Swedish Fintech Association
Malmskillnadsgatan 29
SE-111 57 Stockholm, Sweden

www.swefintech.se