

Testimony from Klarna in support of Senate Bill 269

Good afternoon Chair Wilson, Vice Chair Lang, Ranking Member Craig, and Members of the Committee,

I'm Jeff Anderson, head of U.S. policy at Klarna, the flexible payments provider and global digital bank. Thank you for the opportunity to testify in support of Senate Bill 269. I want to extend a special thank you to Vice Chair Lang, the bill's sponsor, for his leadership on this important issue.

Many of you have probably shopped online and seen the option to split a purchase into smaller payments — often without paying a cent of interest. Maybe it was a pair of jeans or sneakers, back-to-school supplies for the kids, a new sofa for the living room, or maybe even an engagement ring.

That's what Klarna makes possible. Our flexible payment options let people spread payments over time, manage their budgets more effectively, and avoid the high-interest revolving debt that comes with credit cards. And that difference matters. The average American carries about \$6,700 on their credit cards. The average Klarna balance? Eighty-seven dollars. Our customers use credit as a tool — for budgeting, flexibility, and convenience — not as a source of long-term debt.

This bill is about preserving that ability for Ohioans

Klarna was founded in 2005 with one goal: to make online payments simple, safe, and stress-free. For 20 years, we've delivered on that promise. And for the last decade, we've proudly called Columbus home — our U.S. headquarters is just over in the Short North.

In the past year, more than 765,000 Ohioans have used Klarna to manage their payments, joining over 27 million Americans nationwide. And here's something we're especially proud of: 99 percent of our customers in the U.S. pay back their loans.

In the last year, those Ohioans spent about \$600 million using Klarna. If those same purchases had been put on credit cards with a 25% APR, the average for cards in the US, and carried for just six months, consumers would have paid an estimated \$75 million in interest.

But it's not just consumers who benefit — businesses love Klarna too.

We partner with some of the country's most recognizable brands — including internationally known Ohio-based brands like Goodyear, Abercrombie & Fitch, and Lane Bryant.

Yet the heart of our network isn't the national names. It's the tens of thousands of small and medium-sized merchants that power Main Streets across this country. And right here in Columbus, stores like Argo & Lehne Jewelers and Sole Classics offer Klarna to give customers flexibility, compete with larger retailers, and attract shoppers from across the country.

Under the hood, Klarna is the connective engine between banks, shoppers, and merchants. For many of our products, regulated, partner banks extend the credit, Klarna's platform delivers the experience, and merchants see the results — faster checkouts, higher conversion, and zero credit risk on their balance sheets.

Under the Small Loan Act, banks themselves are exempt from licensing — and for years, Ohio treated companies like Klarna that facilitate those bank loans the same way. Late last year, a new interpretation of that statute called this into question.

Senate Bill 269 is a straightforward clarification — it simply codifies what's long been understood: that licensed banks and their service providers can offer small-dollar, short-term loans.

While the fix is simple, the impact is significant. Without it, we may not be able to offer loans under \$1,000 or under one year — the very kind of small, short-term financing that helps families manage expenses safely and avoid higher-cost forms of credit.

Ultimately, this bill is about giving Ohioans the freedom to choose how they pay — whether that's for buying diapers in bulk, repairing a car to get to work, or spreading out the cost of a new laptop — all while steering clear of the revolving debt that weighs down so many households.

It's also about supporting the backbone of our communities — businesses that create local jobs and loyal customers.

Senate Bill 269 delivers the clarity Ohio families and small businesses deserve. It lets responsible providers like Klarna to continue offering safe, flexible ways to pay while helping local merchants grow.

Chair, Vice-Chair, and Members, thank you for your attention and your leadership in keeping Ohio a place where innovation, responsibility, and opportunity thrive together.