



# EMN Legislative Mapping Report SWEDEN



November 2019

This series of national factsheets provides a snapshot of the various legislative frameworks concerning the provision of microcredit in Europe by non-bank financial intermediaries.

The national factsheets cover the following thematic areas:

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## Regulation of Lending Activity

In Sweden, there is no specific regulation on the provision of microfinance. The legal status of non-bank financial intermediaries providing microcredit include corporations able to distribute or withhold profits in the business. Non-bank financial intermediaries are regulated under the legal framework for consumer and corporate credit institutions and the consumer credit law.

To provide lending (financial) services, non-bank lenders need to register with or seek authorisation from the main supervisor of financial system, the Swedish Financial Supervisory Authority (FI).

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## Supervisory Framework for Non-Bank Lending

The FI is responsible for authorising, registering and supervising financial intermediaries in the Swedish market, including non-bank lenders.

Non-bank financial intermediaries that provide consumer credits need to be authorized by the FI. These institutions are supervised by the FI and must comply with specific requirements in terms of capital and liquidity buffers, Anti-Money Laundering (AML) controls and mandatory reporting, etc.

Non-bank lenders providing corporate credit must be registered with the FI and have no requirements in terms of capital, liquidity buffers or general reporting but must follow the same requirements with regards to the AML & anti-terrorist regulatory framework and mandatory reporting. Otherwise, the standard codes of conduct and reporting standards for a regular corporation are applicable.

There is no national credit bureau in Sweden but two dominant corporate credit bureaus operate in the private sector. Banks and non-bank lenders that have signed an agreement with the credit bureau report their loans and can access credit bureau data on customers and loans.

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## Products

Depending on the type of authorization is received from the FI, non-bank financial intermediaries can disburse both consumer and corporate loans. The legislation does not have any restrictions regarding the loan amount or loan term. There is no interest rate cap regulation in place. However, there is a strong history of consumer credit organizations stipulating best practices in terms of how loan terms should be advertised to consumers.

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## Incentives and Support

In Sweden, there are no national or regional funds dedicated to support microcredit provision by non-bank financial intermediaries. There are no tax deduction schemes available to individuals or organizations to help promote financial support for microcredit provision.

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## Development of the Existing Framework for Non-Bank Microcredit Provision

Historically, the main provision of microloans in Sweden has been limited to the activity of one public institution. In addition, there are one or two private business advisor organisations that provide a limited loan provision in connection to their services. The current trend is a massive establishment of institutions offering internet applications for loans, both for consumer and corporate credits. Consequently, the focus on activities related to microlending is limited and there are no significant developments in the regulatory framework by non-bank microcredit providers.

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## Inclusive Entrepreneurship and Microenterprise Development

In Sweden, programs paid for the government exist to subsidise education and information related to starting a business. Publicly subsidised Business Development Services are widely available to micro entrepreneurs. Moreover, the Swedish Agency for Economic and Regional Growth is offering financial support to programs dedicated to inspiring the creation of new businesses. The agency is currently financing programs with a special focus on digital, migrant and female start-ups.

There are possibilities to study entrepreneurship as part of the educational program at both the secondary and university level. There are no alleviated administrative procedures for solo and/or micro entrepreneurs. There is a limited possibility for unemployed individuals to apply for a six-month government support to establish a business, which can be registered as either a sole-entrepreneurship or a corporation.



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