



EMN LEGISLATIVE MAPPING REPORT - DENMARK



November 2025

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

The national factsheets cover the following thematic areas:

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Regulation of Lending Activity

Denmark belongs to the group of European countries without dedicated microcredit legislation but without a banking monopoly on lending. Based on the information currently available, two relevant experiences exist in the field of microfinance: a public initiative previously run by the municipality of Århus to support vulnerable entrepreneurs **[1]** and a grassroots initiative focused on financial inclusion by helping entrepreneurs prepare bank applications to increase their chances of opening a business account **[2]**. Even though there are currently no private organisations engaged in the disbursement of microloans, these experiences illustrate attempts to address the persistent difficulties that startups and small enterprises face in accessing credit. Therefore, the following section outlines the regulatory framework under which private organisations interested in providing microloans could operate in the current context.

Since the adoption of the Danish Financial Business Act (Lov om finansiel virksomhed, FIL) **[3]** in 2004, entities that do not accept public deposits but engage in financial activities may operate under the “finance institution” category. This allows non-bank lenders to offer a range of financial products and services without a full banking licence, including consumer loans, mortgage loans, factoring and discounting, commercial credit, as well as other financial services such as payment services, investment services, and insurance products.

The Danish non-bank lending sector consists primarily of specialised finance companies, consumer credit companies and leasing firms which account for about 8 per cent of total unsecured corporate and consumer credit in Denmark **[4]**. These institutions finance themselves via equity, bonds, or wholesale borrowing and do not have access to deposit funding or the Danish deposit guarantee scheme. Their lending primarily serves corporate and consumer clients with higher risk than typical bank borrowers, but does not specifically target low-income or underserved populations, who are the primary focus of microfinance.

For loans to companies, there are no special rules specific to non-bank lenders aside from anti-money laundering rules which are applicable to all company lenders. Lending to non-financial corporations is considered a commercial activity governed by contract law and the Financial Business Act’s general provisions. There are no interest caps or statutory limits in business-to-business lending.

When it comes to consumer loans, the Danish Consumer Credit Act (Kreditloven) implements the EU Consumer Credit Directive and provides key protections, including mandatory disclosure of interest rates and costs, a 14-day right of withdrawal, creditworthiness assessment, transparent marketing, and a ban on usurious interest rates.

Non-bank lenders can also participate in crowdfunding. Loan-based crowdfunding platforms have been growing and, since November 2023, must be approved by national financial authorities in line with the EU Crowdfunding Regulation. In 2024, loan-based crowdfunding represented nearly half of total Danish crowdfunding activity.

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Supervisory Framework for Non-Bank Lending

Supervision of non-bank lenders is limited and fragmented compared to banks and mortgage credit institutions. All non-bank lenders must be registered with the Danish Business Authority (Erhvervsstyrelsen), which maintains the company registry. Consumer protection is enforced by the Danish Consumer Ombudsman (Forbrugerombudsmanden), who oversees compliance with the Consumer Credit Act, including transparency rules, responsible lending, and fair marketing practices.

Non-bank lenders are not subject to prudential supervision by Danish National Bank or the Danish Financial Supervisory Authority (Finanstilsynet). They are also not included in the Danish central credit registry. No minimum capital requirements or sector-specific regulations apply to non-bank corporate lenders beyond general company law and EU competition and contract law.

3

Products

When it comes to business lending there are no interest caps, statutory limits or restrictions related to the duration of loans. However, company lenders must still comply with anti-money laundering rules.

When it comes to consumer loans while Denmark has no statutory interest rate cap, the courts apply a general prohibition on usurious contracts under the Contracts Act (Aftaleloven §36), which allows striking down or adjusting agreements deemed to impose unfair terms, including excessively high interest. In practice, annual interest rates levels above 25–35% have been reviewed and sometimes reduced by Danish courts. There are no other statutory conditions or restrictions on consumer lending beyond this general fairness principle.

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Incentives and Support

Denmark does not have a dedicated public guarantee scheme aimed specifically at non-bank credit providers or microfinance institutions (MFIs). Instead, the system of incentives and support is organised around general SME finance and innovation policy.

The Export and Investment Fund of Denmark (EIFO) offers loan guarantees, co-financing, and risk-sharing instruments to banks and financial institutions when they lend to startups and SMEs. EIFO also provides convertible loans and matching loans in collaboration with private investors. These schemes are accessible to entrepreneurs and small enterprises but are channelled primarily through banks or mixed finance solutions, not through non-bank lenders directly [5].

1. <https://sus.dk/wp-content/uploads/2022/11/Mikrolaan-Aarhus-%E2%80%93-fra-arbejdsledig-til-selvstaendig.pdf>

2. <https://www.finklusiiv.dk/-1>

3. <https://www.dfsa.dk/Media/638459325081824471/Financial%20Business%20Act.pdf>

4. <https://www.nationalbanken.dk/media/tcahh1kq/economic-memo-nr-8-2021.pdf>

5. EIFO - Export and Investment Fund of Denmark. (2025). *From startup to scaleup: Status on the Danish capital markets for startups and SMEs (August 2025)*. Copenhagen: EIFO.

Development of the Existing Framework for Non-Bank Microcredit Provision

As mentioned in previous sections non-bank lenders operate under general corporate law, contract law, and consumer protection provisions, with no recognition of non-bank MFIs as a distinct category. Public policy has focused on broad SME and entrepreneurship support. Through EIFO (Export and Investment Fund of Denmark) and other state-backed programmes, loan guarantees, risk-sharing schemes, and innovation support are available to Danish startups and small enterprises. These schemes, however, are institution-neutral and primarily channelled through banks or mixed finance structures, not through a non-bank microfinance sector.

Examples of measures that could support the development of the microfinance sector in Denmark include the establishment of dedicated guarantee schemes, funding for on-lending, and the provision of grants for non-financial services, all targeted at organisations focusing on the smallest enterprises and vulnerable entrepreneurs.

Inclusive Entrepreneurship and Microenterprise Development

Denmark has a well-developed entrepreneurship ecosystem, but inclusive entrepreneurship and microenterprise development remain under-addressed. Overall self-employment rates are stable at around 8%, below the EU average of 13%. Rates are particularly low among youth (3% vs. 7% EU), women (6% vs. 10% EU), seniors (10% vs. 17% EU) and immigrants (9% vs. 11%), underscoring that under-represented groups are less likely to pursue business creation in Denmark than elsewhere in Europe [6].

Most public support measures are designed for the mainstream SME and innovation system [7]. Entrepreneurship is integrated into school curricula, and universities such as DTU offer comprehensive programmes and incubation environments. Municipalities and regional *Business Houses* (Erhvervshuse) deliver workshops and advisory services accessible nationwide. However, few of these measures are tailored to the needs of disadvantaged entrepreneurs.

Some initiatives have emerged in recent years to improve diversity. Women's entrepreneurship has gained attention through programmes such as *Nordic Female Founders* (NFF) and *Iværksætterdanmark*, where women now represent about half of participants. The national *Innofounder* scheme provides grants to graduates developing innovative start-ups, and Innovation Fund Denmark has launched the *Innowomen* role model campaign. EIFO, Denmark's export and investment fund, has also adopted a diversity policy to promote more inclusive ownership structures.

Despite these efforts, Denmark lacks dedicated instruments for inclusive entrepreneurship such as welfare bridges or targeted financial schemes support women, migrants, seniors, unemployed and people with disabilities into business. In Denmark, no tailored financial facilities exist for underrepresented groups, and inclusive entrepreneurship is expected to occur within universal innovation and SME support. This approach leaves gaps: for example, immigrant and refugee entrepreneurs still face barriers in accessing business bank accounts or credit, and seniors and unemployed entrepreneurs receive little targeted support.

The OECD has recommended that Denmark develop dedicated policies for these groups, strengthen entrepreneurship education to challenge gender stereotypes, and establish measurable indicators to monitor inclusion outcomes. Until such measures are adopted, inclusive entrepreneurship will remain dependent on civil society initiatives and social enterprises such as Finklusive, Danske Iværksættere, or Mind Your Own Business, which aim to bridge the gap between excluded groups and the formal entrepreneurship ecosystem.

6. OECD & European Commission. (2023). *The Missing Entrepreneurs*. Paris: OECD Publishing.

7. OECD & European Commission. (2024–2025). *Inclusive entrepreneurship policy country assessment note: Denmark*. Paris: OECD Publishing

Microfinance and Social Economy

In Denmark, the social economy sector includes associations, foundations, and limited liability companies. Social enterprises can gain official recognition as “Registered Social Enterprises,” which provides greater visibility **[8]**. However, this recognition is currently under political discussion, and decisions regarding its continuation or potential revision are expected to be finalised in 2026.

The establishment of a legal framework began in 2013 with the government’s Committee on the Social Economy, paving the way for active policy support and official recognition. In 2014, Parliament passed the “Act on Registered Enterprises.”

At both national and local levels, the Danish government has developed support schemes for social economy entities, including capacity building, fostering partnerships, business development assistance, and guidance on topics such as social inclusion, recruitment, and impact measurement. The sector is financed through annual public allocations and EU funds, supported by a national platform that helps organisations navigate available funding options. Private funding is also available through social impact investment (e.g., DK Social Kapital Fund) and donations from foundations.

8. https://social-economy-gateway.ec.europa.eu/my-country/denmark_en



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