

Consumer Duty Comms Test Klarna

January 2025



Introduction

Why you've received this pack

The FCA's Consumer Duty came into full effect from July 2024, obliging financial services firms to adopt a customer-first approach

Consumer Understanding, a key Duty outcome, requires firms to ensure customer communications are clear and provably understood

As behavioural scientists, we at Dectech have developed a Consumer Duty-specific comms test with one of the UK's leading high street banks

We are sharing our test with interested financial services firms and have run it on one of your comms to showcase its capabilities

What is in this pack

This pack details the results of the test we have run on one of your comms and includes the following:

- Page 3 provides some background to our comms test, including its practical application and key advantages
- Page 4 to 9 show the test results, including our key metrics of Understanding Words and Understanding Why, plus additional diagnostics
- Page 10 summarises the other outputs you would typically get from this test, and includes our contact details if you would like to hear more
- The appendix from page 11 provides additional information about Dectech, including our approach, expertise, and industry recognition



We have developed a Consumer Duty comms testing tool in collaboration with a large UK high street bank that can be tailored to a client's requirements and resources

Standalone Comms Testing

Test realistic facsimile of comms in an online test that assesses consumer understanding of the words used, and why they have been sent it

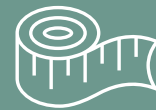
- ✓ **Standardised and scalable** – track scores and build processes around them
- ✓ **Fast and cost-effective** – costs from £2.5K and turned around in 48 hours if needed
- ✓ **Flexible and comprehensive** – can test any kind of written content, video, and audio
- ✓ **Objective and diagnostic** – identify specific issues with understanding and how to fix
- ✓ **Audience appropriate** – talk to your target audience including those with vulnerabilities

Key Advantages



Robust

Grounded in the latest science of how people understand and make decisions



Bespoke

Tailored to your brands and industry to give you a competitive edge



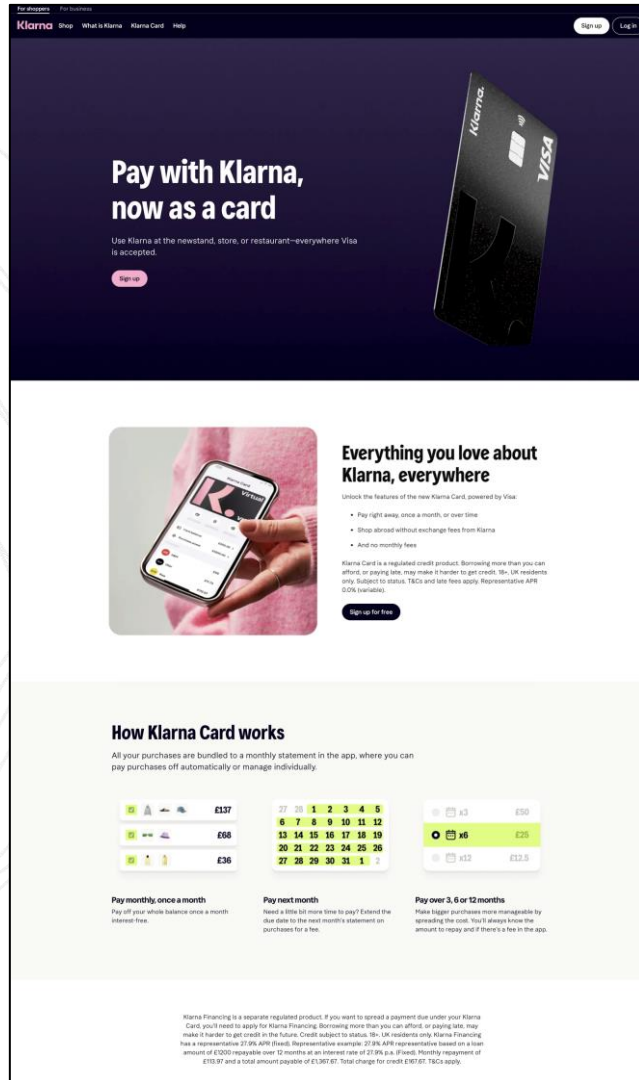
Proven

Developed over the last 2 years with more than 50,000 consumers



Comms Test Summary

Klarna Webpage: Klarna Card



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Consumer Understanding

Improve < 65 Review 65-75 Accept >75

Understanding Words

How well do customers understand the language used?

77%

Understanding Why

How well do customers understand the purpose of the communication?

85%

Communicated purpose

Top three most representative responses

"IT WAS ABOUT KLARNA A PRODUCT THAT LETS YOU PAY NOW OR LATER.IT IS BASICALLY A CREDIT CARD BY ANOTHER NAME"

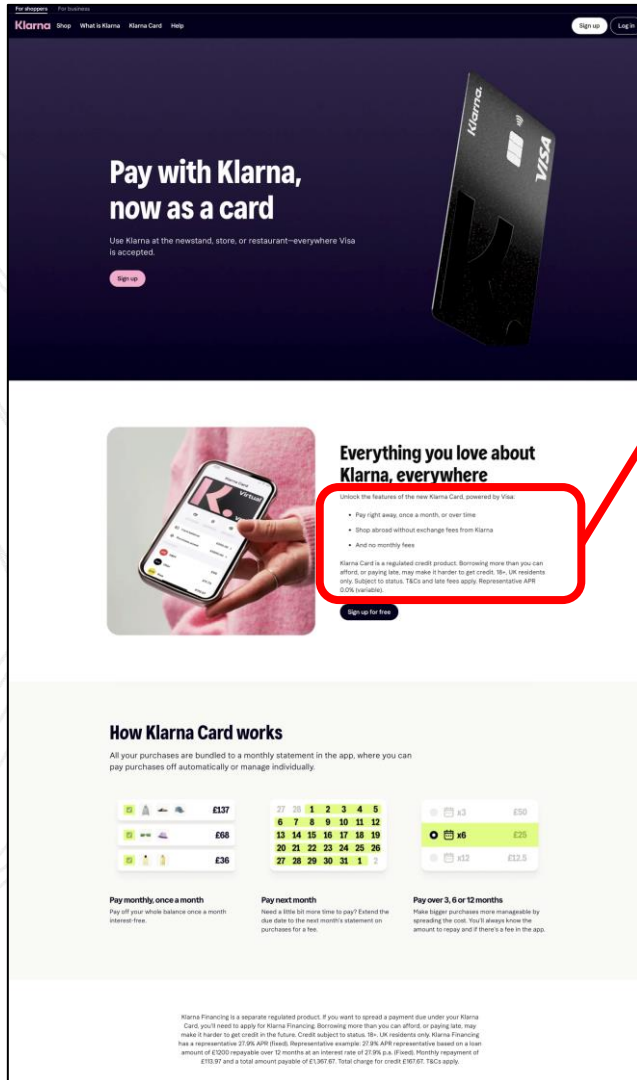
"Its presenting the Klarna Credit Card and going through its uses and benefits"

"The webpage was set up to explain how Klarna card works to potential customers of this product. It is communicating that Klarna is now available in a credit card style format which can be managed via an app to help users pay for goods flexibly, i.e., by choosing to pay for things instantly or spreading the cost of goods over a certain period of several months."



Test Inputs

Klarna Webpage: Klarna Card



Understanding Words

Paragraph used for meaning test

Unlock the features of the new Klarna Card, powered by Visa: Pay right away, once a month, or over time. Shop abroad without exchange fees from Klarna. And no monthly fees. Klarna Card is a regulated credit product. Borrowing more than you can afford, or paying late, may make it harder to get credit. 18+, UK residents only. Subject to status. T&Cs and late fees apply. Representative APR 0.0% (variable).

Understanding Why

Intended purpose of the communication

- The key features of a product or service ✓
- The benefits of a product or service ✓
- The costs or fees of a product or service ✓
- The risks of a product or service ✓
- A change to a product or service X
- The customer's current financial position X
- That a decision or action needs to be made X
- That there are consequences of inaction X
- That there is a deadline to take action X
- That there are methods to gain extra info ✓
- That the comm is available in other formats X



Understanding the Words that were Communicated

Understanding Words

How well do customers understand the language used?

77%

Vulnerable customers 70%

Improve < 65

Review 65-75

Accept >75

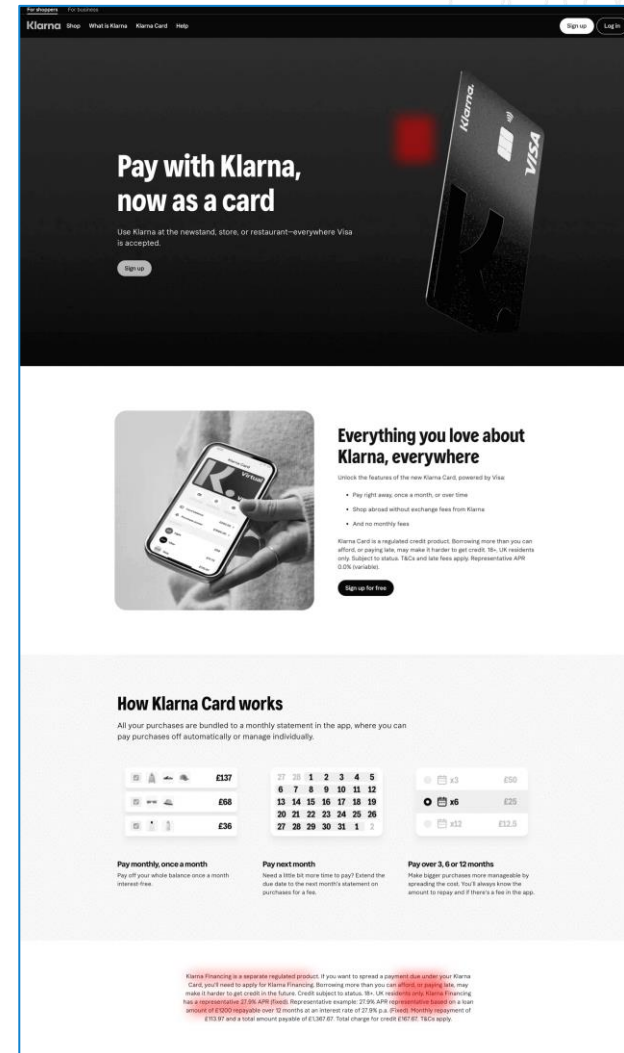
Paragraph used for meaning test

Unlock the features of the new Klarna Card, powered by Visa: Pay right away, once a month, or over time. Shop abroad without exchange fees from Klarna. And no monthly fees. Klarna Card is a regulated credit product. Borrowing more than you can afford, or paying late, may make it harder to get credit. 18+, UK residents only. Subject to status. T&Cs and late fees apply. Representative APR 0.0% (variable).

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What was hardest to understand?

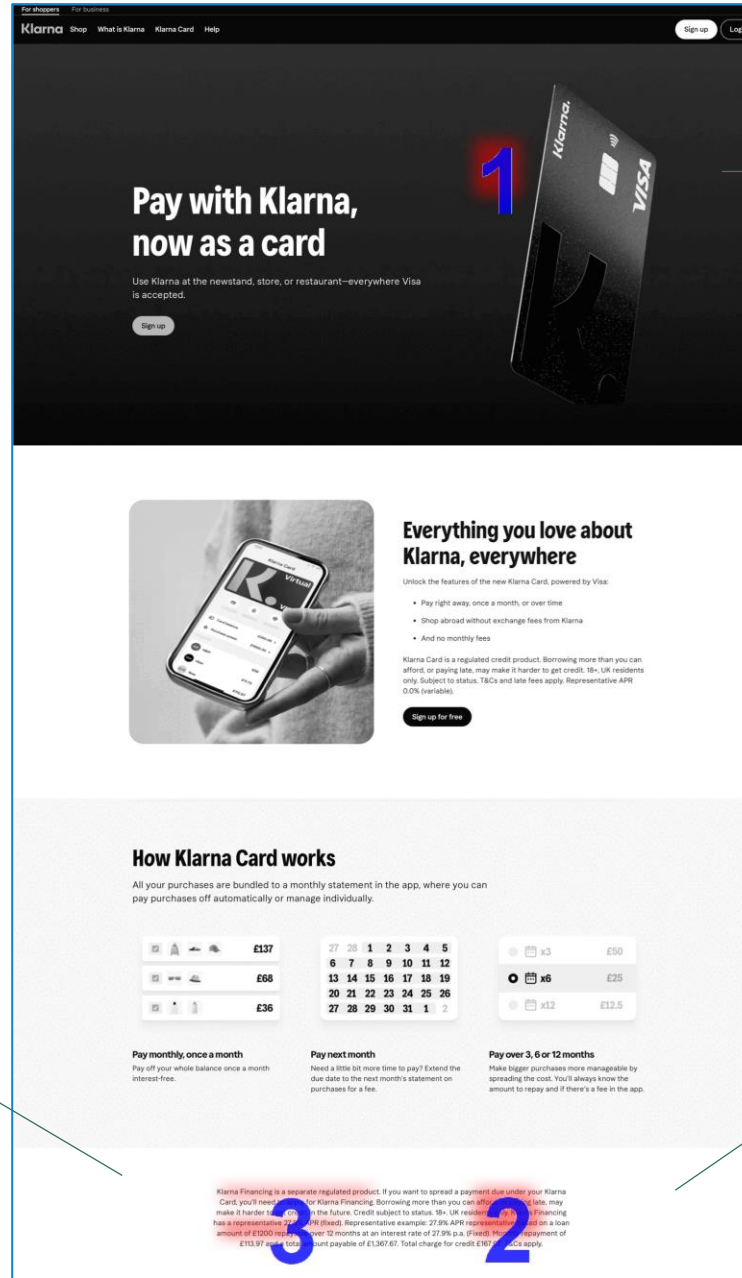
Heatmap shows most selected regions of the communication



Please review all result files, including all pages of heatmap



Detailed feedback is given of where and how to improve comms



Group 1

"I don't understand the card who actually owns it and is it legit"

Group 2

"Financial jargon is difficult to understand, and I don't want to get it wrong"

"DONT UNDERSTAND THE INTEREST RATES ARE SO HIGH"

Group 3

"Repayment amount unclear"

"Only those with finance and accounting knowledge will understand it."



Understanding Why It Was Communicated

Understanding Why:

How well do customers understand the purpose of the communication?

85%

Vulnerable customers 83%

Improve < 65

Review 65-75

Accept >75

The key features of a product or service	96%
The benefits of a product or service	90%
The costs or fees of a product or service	81%
The risks of a product or service	67%
A change to a product or service	-
The customer's current financial position	-
That a decision or action needs to be made	-
That there are consequences of inaction	-
That there is a deadline to take action	-
That there are methods to gain extra info	88%
That the comm is available in other formats	-

Please review customer verbatim responses for full details

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Communicated purpose

Top five most representative responses

"IT WAS ABOUT KLARNA A PRODUCT THAT LETS YOU PAY NOW OR LATER.IT IS BASICALLY A CREDIT CARD BY ANOTHER NAME"

"Its presenting the Klarna Credit Card and going through its uses and benefits"

"The webpage was set up to explain how Klarna card works to potential customers of this product. It is communicating that Klarna is now available in a credit card style format which can be managed via an app to help users pay for goods flexibly, i.e., by choosing to pay for things instantly or spreading the cost of goods over a certain period of several months."

"The webpage is all about klarna and it is a card that one uses to pay money for anything that is purchased in the store or any outlet. Klarna is like a credit card but it is not, it works at anywhere there is VISA"

"Its about klarna showing off their new service which acts like a credit card"



Additional Diagnostics

What do customers think of the communication?

Visually Appealing

Is the communication well laid-out and attractive?

76%

Useful

Is the communication informative and helpful?

79%

Supportive

Is the communication reassuring and supportive?

60%

Is it the right amount of information?

Far / Slightly too little	Just about right	Far / Slightly too much
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11%

70%

19%

How much of the communication would be read?

Read it fully	Read most of it	Skim read it	Not read it
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36%

38%

24%

2%



We hope you found these results helpful! See below for how to find out more

This pack has provided a summary of the key outputs from our comms test, but there are a number of others included in practice (see right)

We are happy to have a call to run through this pack to provide more context to the results and to address any questions you may have

To have a call, or for any enquiries about our Consumer Duty services, please contact us at **consumerduty@dectech.co.uk**

More information about us can be seen in the appendix, by visiting Dectech.co.uk, or by following us on LinkedIn [@dectech-behavioural-experiments](https://www.linkedin.com/company/dectech-behavioural-experiments)

Additional Test Outputs

A standard test includes the following outputs to aid comms writers in instances where changes need to be made to the comms:

- Full communication heatmap, highlighting aspects across the whole comm that are hard to understand
- All verbatims associated with the heatmap clusters, explaining why they are hard to understand in consumers' own words
- All verbatims associated with the Understanding Why scores, providing the consumer's perspective of the comm's purpose



Appendix



Dectech uses behavioural research to understand consumer decisions and make commercial forecasts

Our Approach



Example Financial Services Clients





One of the world's longest-established behavioural science consultancies, we specialise in helping businesses understand and manage consumer decision-making



Experienced

Founded in 2002, we are entirely owned by our 25 staff and are based in Central London

Commercial

Founders Dr. Henry Stott and Prof. Nick Chater have strategy consulting and business school backgrounds

Expert

Our highly qualified team combines technical expertise with extensive project management experience

Impactful

Core products are Behaviourlab (our testing tool), building financial forecasts and modelling client data

Investments

Investors in various start-ups across related businesses including Fintech Lender, Adtech, Sports Marketing, etc.

Our Services



Proposition & Pricing

- ✓ New Product Development
- ✓ Pricing & Promotion Strategy
- ✓ Proposition Optimisation



Trade & Commercial

- ✓ Customer Journey Design
- ✓ Churn Management
- ✓ Competitor Wargaming



Brand & Marketing

- ✓ Brand Management
- ✓ Ad Testing
- ✓ Campaign Tracking



Data & Analytics

- ✓ Sales Forecasting
- ✓ Performance Analysis
- ✓ Business Case Modelling



The quality of our work has been recognised by industry bodies that reward excellence and innovation

- ✔ Won the 2020 MCA Award for Strategy for our work with BT Group
- ✔ Won the 2019 MCA Award for Customer Engagement and Marketing with Schroders
- ✔ Finalists for client-led AURA Awards in the Commercial Acumen category 2019 and 2020
- ✔ Won the 2016 and 2020 MRS Awards for Financial Services Research
- ✔ Won the 2020 MRS Award for Insight Management
- ✔ Recognised by FT as one of UK's leading Management Consultants for past 4 years

Recent Recognition



Customer Engagement and Marketing



AWARDS 2019
Finalist Commercial Acumen





Our Address

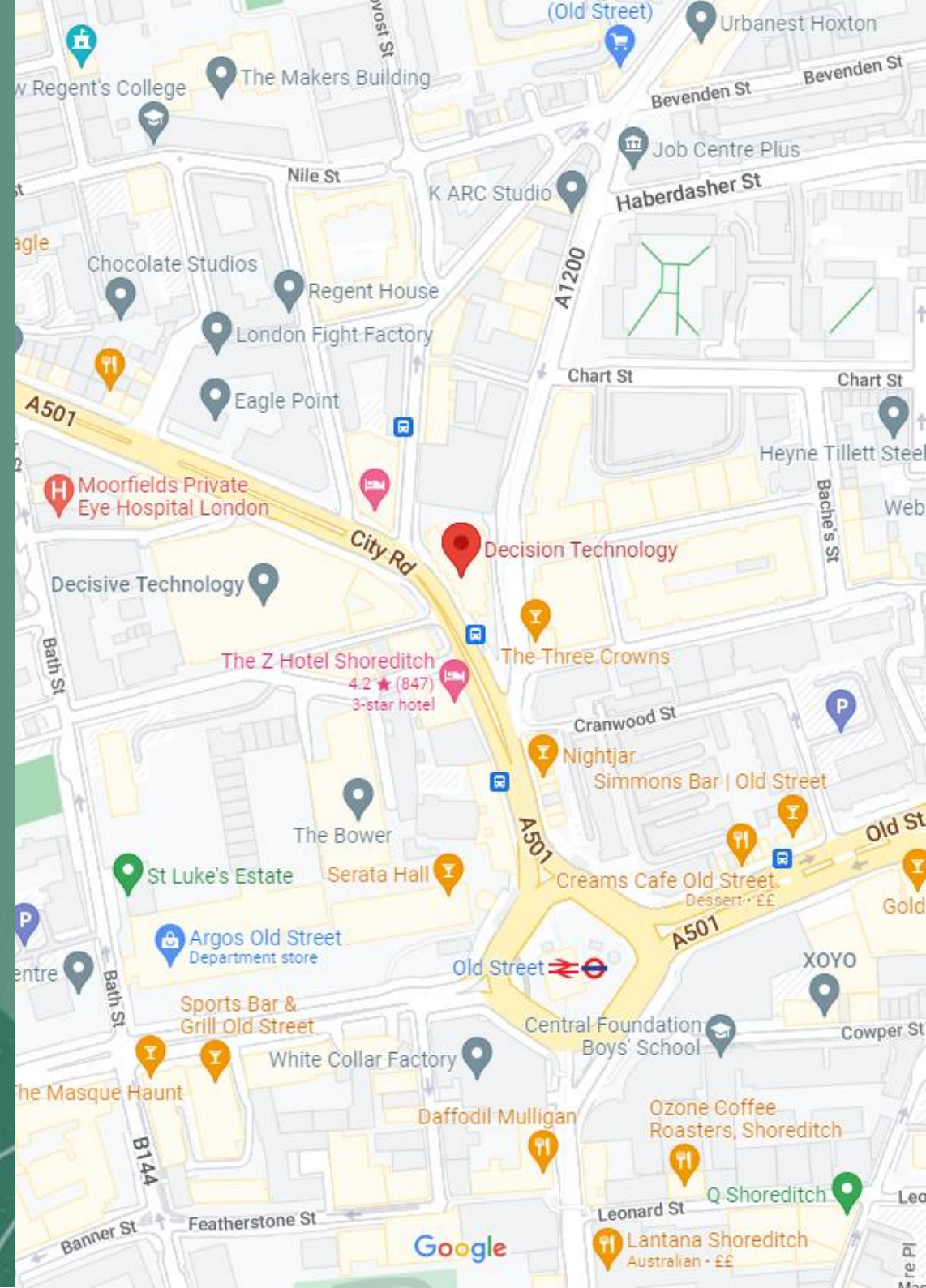
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