

# Alloy raises a well-timed \$100M to build out identity decisioning platform

Article

**The news:** US identity-decisioning platform provider Alloy has raised \$100 million in a Series C funding round, attaining a valuation of \$1.35 billion, TechCrunch reports.

- Lightspeed Venture Partners led the round and was joined by existing Alloy backers Canapi Ventures, Bessemer Venture Partners, Avid Ventures and Felicis Ventures.
- The new funding brings Alloy's total raised since its 2015 launch to \$150 million.

**What does it do?** Alloy helps banks and fintechs with AML and KYC by automating functions like identity decision-making during new customer onboarding and transaction monitoring (and automated credit underwriting is in the works, per TechCrunch). It counts Ally Bank, Brex, and Evolve Bank & Trust among its over 200 clients.

Alloy plans to use its new funding to build out customer identity profiles that can be used to mitigate risk.

**The timing of the fundraising is opportune:** Digital account opening has surged on the back of the coronavirus pandemic. 2021 will be a high watermark year for accounts opened via digital channels, per Insider Intelligence forecasts, placing a premium on strong onboarding identity verification.

Furthermore, in recent months several high-profile fintechs have struggled with AML issues, which could raise awareness of the problems that come with not properly comply with money laundering regulations.

- UK neobank **Monzo** disclosed in July that it was under investigation by the UK's Financial Conduct Authority for failings in its anti-money laundering controls, per the BBC.
- German neobank **N26** was recently ordered by Germany's BaFin to pay €4.25 million (\$4.85 million) for delayed reports of suspicious potential money laundering activity in 2019 and 2020, per Reuters.

**Why it matters:** Alloy's pitch to neobanks in particular may be strengthened by the digital-only banks' need to assuage consumers' wariness about making a neobank their primary bank.

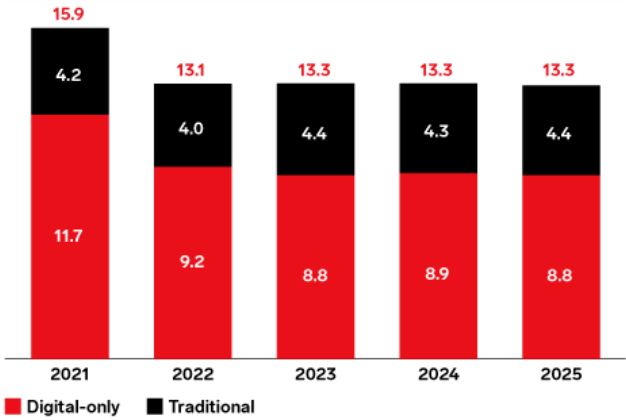
A sizable swath of US consumers don't want to move their primary banking relationships to digital-only players due to security concerns, per a new survey from PYMNTS and Opherium.

- **At 47.4%, data security was the issue most widely cited by survey respondents** who are either just "slightly" or "not at all" interested in switching their primary status to a digital-only bank supported by a large company.

That concern could lead neobanks to put a higher premium on stronger compliance efforts and partnerships. They may also be open to working with third-party solution providers like Alloy that can help neobanks reduce fraud and money-laundering incidents harmful to their reputations.

**US Digital Bank Account Openings, by Type, 2021-2025**

millions



Note: includes FDIC-backed full service bank accounts, credit union accounts, or brokerage accounts opened via web browsers or mobile app by an individual; includes digital-only banks; excludes accounts that are opened in-person or over the phone but managed through an online platform; numbers may not add up to total due to rounding  
 Source: Insider Intelligence, Aug 2021

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InsiderIntelligence.com