

AI-powered regtech Jumio takes home mega- round

Article

US-based Jumio raised \$150 million, which it [says](#) is the single largest funding round for a digital ID regtech. Jumio's platform uses biometrics, machine learning, and computer vision to automate user identity verification and compliance with know-your-customer (KYC), money laundering, and data protection regulations. Jumio serves financial institutions (FIs) across the gamut, from big banks like HSBS to neobanks like Monzo, in addition to online gaming

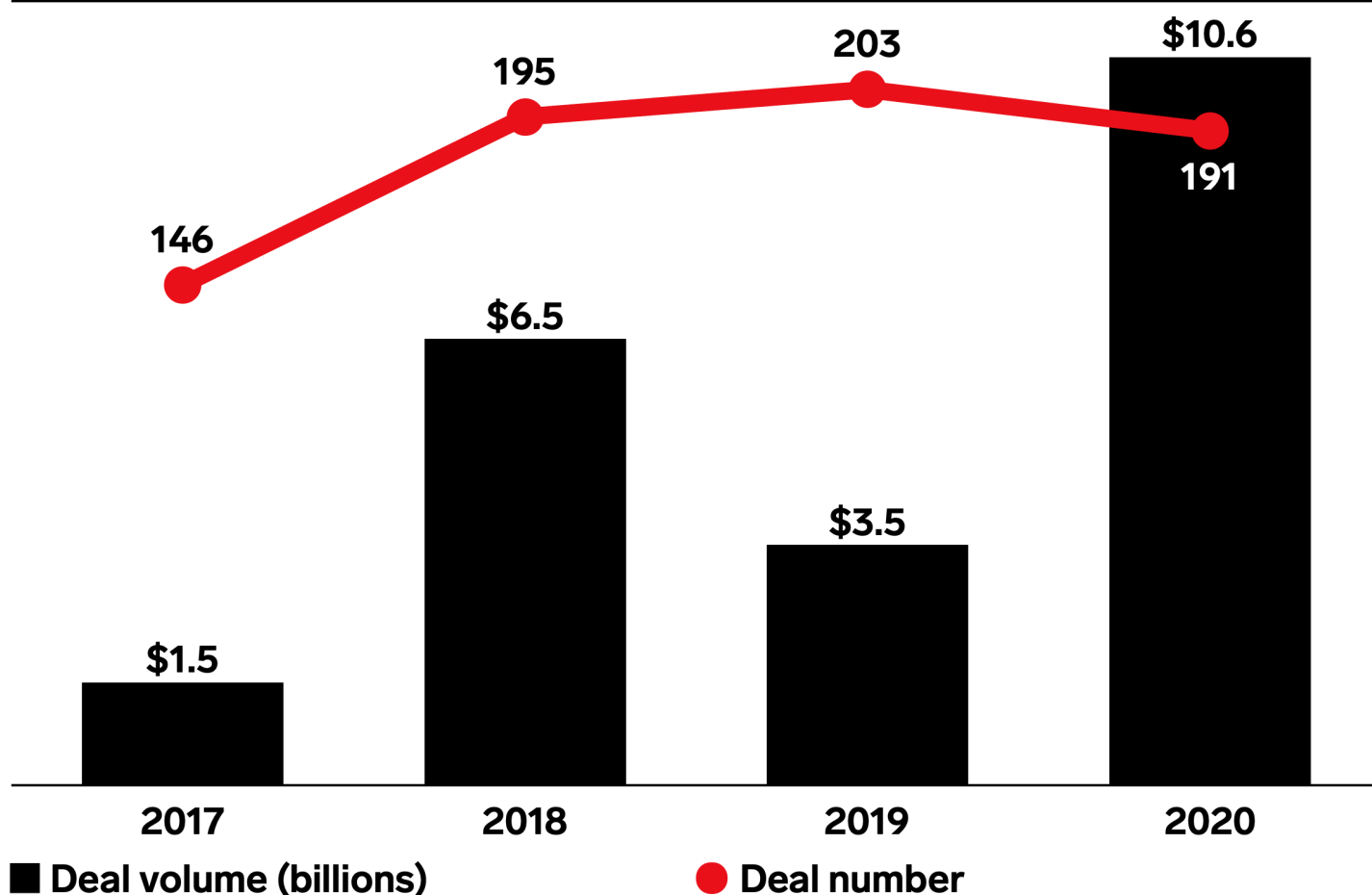
companies and others. The regtech will use the funding to automate its identity verification solutions further and expand its compliance services.

Jumio has enjoyed strong growth as FIs ramp up investments in digital identity verification solutions amid the pandemic.

- **FIs face customer demand for better online processes in addition to increasing financial crime costs.** The pandemic has pushed customers to access financial services online, yet FIs are [failing](#) to deliver a seamless customer experience for things like quickly opening and funding bank accounts. But as customers share more financial information online, it creates more vulnerable channels for bad actors to target: US regulator [FINCEN](#) reported that it has seen around \$1 billion worth of financial crimes a month since the start of the pandemic—and cyberattacks cost more to financial firms than any other industry, [per](#) Accenture.
- **This is driving demand for Jumio's digital ID tools.** The regtech's tools automate FIs' user ID verification to prevent financial crime and provide a frictionless online customer journey. As a result, the regtech announced that Q3 2020 was its [largest](#) sales quarter and that it has verified more than 300 million identities, up from [170 million](#) in 2019, per its press release. To support this growth going ahead, Jumio launched the [KYX Platform](#) in September, letting FIs seamlessly build a complete digital profile of online users while simplifying their ongoing fraud signal monitoring.

Regtech funding skyrocketed in 2020, and this will likely continue as FIs face upcoming regulatory challenges. Regtech funding reached [\\$10.6 billion](#) in 2020, more than triple the \$3.5 billion raised in 2019. Fellow digital ID providers [Onfido](#) and [Payfone](#), for example, each raised \$100 million last year, and Jumio's raise suggests there are no signs that funding activity will slow down this year. Additionally, there are new compliance challenges on the horizon that will further encourage FIs to leverage regtech solutions from the likes of Jumio, generating more growth and funding opportunities. President Biden, for example, will likely impose new data protection standards akin to the General Data Protection Regulation (GDPR) in Europe, [per](#) Insider Intelligence forecast.

Annual Global Regtech Funding



Note: Total global investment activity (VC, PE and M&A) in regtech

Source: KPMG, "Pulse of Fintech H2 2020," February 2021

Methodology: The data was provided by PitchBook data as of December 31, 2020. Due to the private nature of many of the transactions, the dataset cannot be definitive, but is an estimate based on information available to Pitchbook.

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