

Digital ID regtech Veriff nets mega-round and plots metaverse as growth vector

Article

The news: The Estonia-based digital ID regtech Veriff raised a \$100 million Series C at a \$1.5 billion valuation after a stellar year of growth.

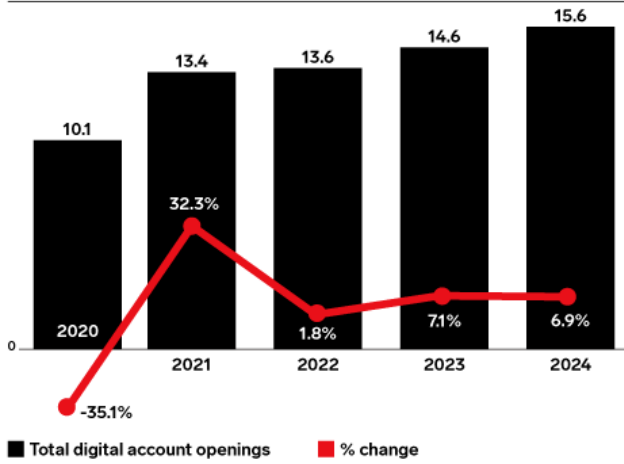
More on Veriff: The regtech's **AI-powered video solutions** tap into surging interest from financial institutions (FIs) for financial crime protection, resulting in strong customer growth in 2021, particularly in the US.

- **US digital account opening spiked by 32.3% in 2021** as the pandemic forced customers online.
- And **financial crime spiked** as nefarious actors seized on the opportunity: **Identity fraud increased by 109%** during the end of 2020 and start of 2021, per TransUnion.
- FIs are confronting the challenge: **Almost 80% of North American FIs** said they upped their investments in combating financial crime in 2021, per Compliance Week.
- This has been a boon for digital ID regtechs like Veriff, which reported staggering **customer growth of 150% in 2021**.
- Veriff said its video-based identity verification solution is more accurate against fraud than picture-based solutions utilized by its competitors, like **Onfido**.

The digital ID space: Elevated funding levels are not slowing down, testifying to the **magnitude of the security threat**—but players could find it more challenging to stand out in the future.

- Several digital ID regtechs have scored mega-rounds over the past year, including **Socure** and **Trulioo**. **We don't expect investor interest to wane, as financial crime will remain a thorn in FIs' side for the foreseeable future.**
- This demand has sustained several players that have achieved global scale through similar offerings. But it could become more difficult for regtechs to distinguish their offerings.
- **Digital ID regtechs will need to hone in on new pockets of growth** to sustain their growth figures.
- Veriff's focus on becoming an identity verification specialist in the **metaverse** could present one way of standing out as consumer interest in the 3D virtual world soars.
- This could bring in new business from FIs operating in the nascent space, particularly **crypto firms** that facilitate payments.

US Total Digital Account Openings, 2020-2024
millions and % change



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 opened in person or over the phone but are managed through a digital platform; excludes credit cards and loans
Source: eMarketer, May 2021

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