

Wage advance-focused US neobank Clair raises \$15M

Article

NYC-based **Clair** completed a **\$15 million** Series A funding round, bringing its total funding to **\$19.5 million** after scoring **\$4.5 million** in a seed round a few months ago, TechCrunch [reports](#).

Here's what it does:

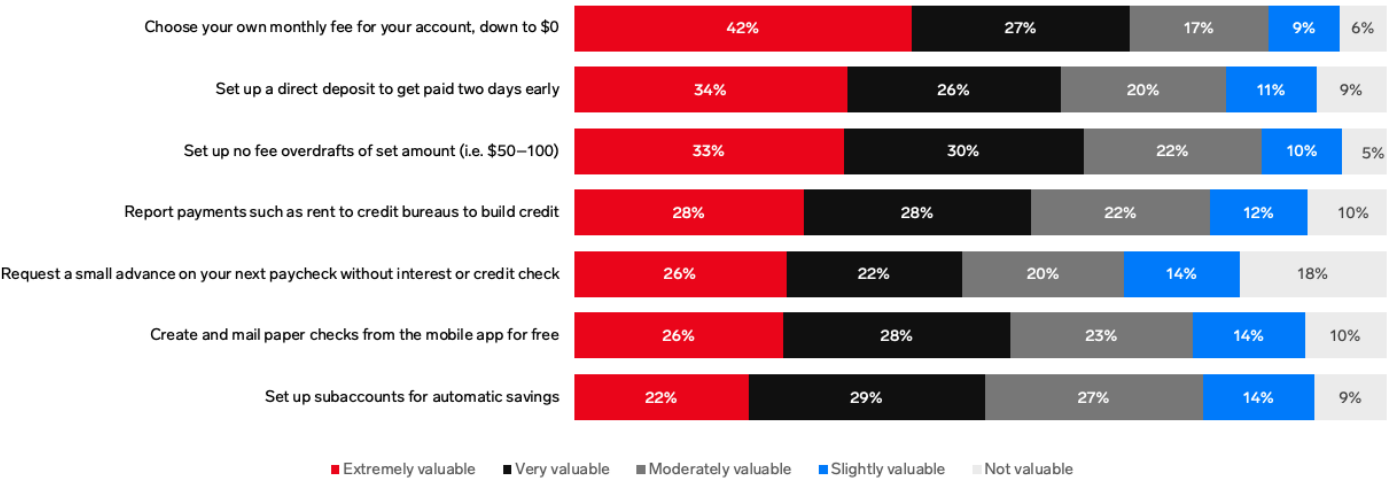
- **The neobank's flagship offering is a free earned-wage advance product.** It integrates directly with HR systems to grant customers early access to money they've already earned. It also provides more standard neobank features, including spending and saving accounts, a debit card that can be accessed virtually via its app, and personal finance management tools. The neobank plans to use its fresh funding to continue to expand into areas like healthcare and debt repayment, per TechCrunch.
- **Clair acts as an alternative to predatory payday lenders.** US regulators have had their eyes on payday lending for some time: They issued a [call](#) in March 2020 for financial institutions (FIs) to offer small-dollar loans to shield financially distressed consumers from having to turn to payday lenders. Clair's solution joins small-dollar lending options from FIs including neobank Varo's [Varo Advance](#) and Bank of America's [Balance Assist](#), as well as similar early wage access offerings from neobanks [Chime](#) and [Current](#).

Clair is spearheading its customer acquisition efforts with early wage access— a sidelong approach to becoming a banking services provider. Instead of beckoning in new customers with attractive rates or perks on deposit products like savings or checking accounts, Clair is trying to persuade customers using its free payday loans to also use its digital banking offerings.

It's a high-risk, high-reward strategy:.

- On one hand, Clair charges nothing for wage advances and even pays workforce management and payroll systems to integrate with its tech. So, if it doesn't get enough signups and usage to drive significant interchange revenues, its business model will be untenable.
- On the other hand, the customers the neobank attracts have an elevated chance of using their new Clair accounts as their primary accounts, given that they'll have an existing direct-deposit relationship with Clair through their HR system.

Respondents' Demand for Neobank-Specific Features



Source: Insider Intelligence US Mobile Banking Competitive Edge Study, August–September 2020
 Methodology: The data is based on an online survey of 2,324 US mobile banking users and a study of 4 US neobanks. Respondents to the online survey were sourced from a third-party sample provider to closely resemble US demographics on the criteria of gender, age, and income.

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