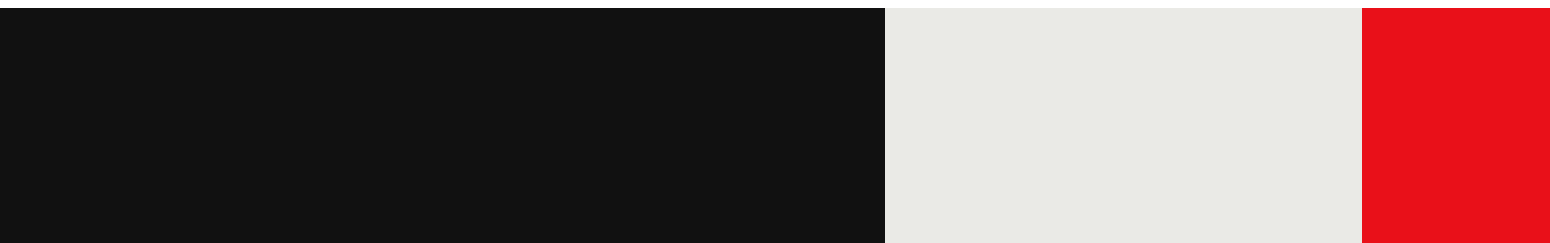



Stripe hints at growth strategy with identity verification rollout

Article



The payments titan launched Stripe Identity, a self-service solution that authenticates user identity, in 30 countries after a successful pilot, [per](#) TechCrunch. Stripe Identity [asks](#) users to upload a photograph of their government ID and a selfie, which are then matched using machine learning. The technology—which is not payments-specific and will be available to

businesses that are not existing Stripe clients—can be either integrated into a company’s existing workflow with code or distributed as a link to verify select interactions.

Identity fraud risk is growing. Identity fraud losses hit \$56 billion in 2020—far more than previous years, [according to](#) Javelin. This uptick was largely the result of scams, though new types of identity fraud, including synthetic identity fraud and account takeover fraud, have been growing for years as well. Fraud growth has become a particular concern to merchants and businesses not only because it’s costly and time-consuming but also because it can erode their reputations, making tools like identity verification increasingly popular, [per](#) LexisNexis.

Dipping a toe into identity verification dovetails with Stripe’s payments ambitions.

- **Building an in-house fraud prevention solution gives existing clients a tool they need from a provider they trust.** Stripe has long offered a fraud prevention service called Radar, which it recently strengthened by [acquiring](#) Bouncer. Building in-house identity verification redoubles its fraud prevention efforts—and could push companies to use Stripe for these services instead of giants like [Visa](#) and [PayPal](#), which have recently bolstered their fraud prevention technology, or third-party services that have [raked](#) in funding.
- **It could also bring new customers into the fold.** As a standalone product, Stripe Identity can help Stripe expand its addressable base beyond providers seeking a payments-related solution, widen the brand’s ambitions beyond payments, and diversify its business model—leading to meaningful growth down the line. And as [payments digitization](#) accelerates, the move could expose companies to Stripe that might want to add payments solutions down the line—perhaps with the same partner.

And it can bolster Stripe’s value proposition ahead of a potential initial public offering (IPO). Stripe was most recently [valued](#) at \$95 billion, and investor interest has mounted as the company explores going public later this year or in 2022, [per](#) The Wall Street Journal. So far, Stripe has [focused](#) on achieving its ambitions by developing APIs that can be easily deployed and scaled to clients looking for value-added tools like [financial solutions](#) and [tax capabilities](#). Extending that strategy beyond financial services offers insight into the brand’s broader growth strategy—and could be a winning ticket to cement its stature long-term.

Fraud Experience by Generation in the US, 2021

% of respondents

Gen Z



Millennials



Gen X



Baby boomers



- I acted on a fraud scheme and am now a victim of it
- I have been targeted by a fraud scheme but did not become a victim of it
- I am not aware of any fraud schemes targeted at me

Note: generations are defined as follows: Gen Z, born 1995–2002; millennials, born 1980–1994; Gen X, born 1965–1979; and baby boomers, born 1944–1964

Source: TransUnion, "Consumer Pulse US Q1 2021," March 16, 2021

Methodology: Data is from the March 2021 TransUnion survey titled "Consumer Pulse US Q1 2021." This online survey of 2,995 adults was conducted Feb 26–March 1, 2021 by TransUnion in partnership with third-party research provider Qualtrics Research-Services. The current wave data is compared with previous waves which were conducted in March 2020 (including 1,068 adults) and April 2020 (including 3,035 adults). Adults ages 18 and over residing in the US were surveyed using an online research panel method across a combination of desktop, mobile, and tablet devices.

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