



The easy way to verify identities globally

A Q&A with Alan Lee, VP of Engineering at Republic, a startup investing platform

In an exclusive conversation with Plaid, Alan Lee, Republic's VP of Engineering, talks about how they're using their solutions to win the fight against fraud rings while staying compliant and creating a user experience that customers love.

Today, the world of investing is largely dominated by venture capital firms and a few wealthy accredited individuals. [Republic](#), however, is quickly making a name for itself by building an investing platform that allows regular people to invest in highly vetted startups—with as little as \$10. Unlike public stock markets, becoming an equity investor on Republic allows you to buy a stake in a private, pre-IPO startup.

Building an investment platform that now has 2.5 million users in more than one hundred countries comes with its own unique set of challenges—starting with verifying the identity of each user. For that, Republic uses [Plaid Identity Verification](#) (IDV), a single solution that helps them confirm identities in over 200 countries and territories in under 30 seconds.

This interview has been edited for clarity and length.

Plaid: Thanks for being here. I know it was no small ask to have you join us on this intimate stage at Plaid Forum so thank you very much.

Alan: I'm honored to be here. This has been a great event and I've learned a lot of cool things about Plaid.

Plaid: Good, good. So just to start, I'd love it if you could just give me a quick intro on how you ended up in the fintech industry.

Alan: I've been a part of the startup world for about a decade. I entered the fintech industry with my previous startup engagement, NextSeed. They were originally built on a WordPress site and during my time there, we rebuilt the product on more modern technology. In doing so, we were able to break down each building block of that product, which gave me a much deeper understanding of fintech along with fraud detection and identity verification, because NextSeed was ultimately creating bank accounts, transferring funds, and issuing securities for investors around the world.

Plaid: Awesome. And you used to work for the government too, right?

Alan: Early on in my career, I worked for the Department of Defense. When my family relocated to Houston it made it hard to work remotely so I took the plunge into the startup world and I haven't looked back since.

Plaid: I like that. So, tell us about Republic.

Alan: Republic is a fintech platform where anybody can make investments in a private market. So, with as little as a hundred dollars, you can invest in startups, video games, real estate, crypto and other various businesses and assets. Since we've started, Republic users have invested over 700 million dollars in more than 600 businesses. Today, we have over 2.5 million users across a hundred different countries.

Plaid: Wow! For those unaware, Republic uses Plaid Identity Verification and one of the unique challenges that we had with Republic was that they had so many different countries on their platform. That's actually a pretty unique problem because most fintechs launch in the US and then eventually move on to Canada or the UK. But Republic was like, "Nope. Bam. A hundred countries. Here we go!" Over the last few years, Republic has obviously experienced a lot of growth. Can you tell us more about how you achieved that?

Alan: Yeah, as a startup, every little bit counts. I would say it's definitely the people. They worked really hard and had immense dedication. It was feature, feature, feature—protecting a simple use case and simple experience for our users—which ultimately resulted in hundreds of hours in the back office because of innovation, right? We worked to launch a product as early as possible without sacrificing simplicity for the users.

Plaid: What's important for Republic right now?

Alan: There are a lot of really important initiatives at Republic right now. I would say all of them align around the focus of going more global. In 2021, we raised Series A and Series B. The majority of that capital is being deployed to expand strategically and globally. So I would say developing tech and product alignment towards being able to scale and increase investments and offerings globally.

Plaid: In your opinion, what's the most interesting thing to invest in on Republic?

Alan: Three very interesting use cases come to mind. One of the offerings on Republic last year was [Gumroad](#). In 2021, Regulations CF (crowdfunding) had some amazing changes where it increased the maximum raised limit from one million to five million. Gumroad was the first offering in history to be able to raise the full five million on Republic—actually in all of the industry.

The second one would probably be the [Bucket List](#). They have a huge following and wanted to bring on as many investors as possible. Within a weekend we were able to onboard and have around 30,000 people invest \$100 each in their campaign, giving them roughly \$3 million.

And then the last would probably be the [Cere](#) token sale in the crypto world. Republic was able to raise around \$27 million in under an hour while also queuing up more than 50 million dollars throughout the weekend.

Plaid: Switching gears a little bit, let's talk about Plaid Identity Verification and Republic. What were you doing to verify customer identities before you started using Plaid?

Alan: Oh goodness. Since the beginning of Republic, we tried to take as much ownership in reducing fraud as possible. So, we had a custom solution made up of multiple vendors between IP addresses, residential addresses, phone numbers, and emails. We picked the best vendor in each industry to help us detect the fraud levels and ownership levels of each of those KPIs. It's challenging because APIs change over time, databases change over time, government regulation changes over time, and documents change over time. So really it was just a custom solution with multiple vendors that ended up calculating a risk score that allowed our compliance officers to be able to review anything below a certain threshold.

Plaid: What was compelling about Plaid Identity Verification? Do the selling for me, please!

Alan: Absolutely. I mean, it's rather easy. [Your presentation earlier kind of hit the nail on the head](#). Plaid Identity Verification is a single vendor solution that's constantly being evaluated and adjusted, as well as growing. It's not easy to stay up to date with all the government databases and document ID types. The selfie check has been a tremendous time saver for us as well. So, beyond the obviousness of the initial flow, but the screenings as well, we were able to upgrade our government document databases from one country to 36 with the integration of Plaid Identity Verification. It also helped us increase our screenings from half a dozen lists to more than 15 watch lists now.

Plaid: So, a small story for you guys. Republic was an early customer of the product and so I used to—with their permission—personally sit on their dashboard looking through the verifications to help them potentially spot fraud so that we could augment the product later. Now, that was a very unscalable approach to building a product but I think it worked pretty well for us!

Alan: We learned a lot together! We were able to find a fraud ring and were able to ban over a hundred users from one very exciting offering that people were trying to get more involved in.

Plaid: Yeah, that was a wild one! We had just been live with the integration for 12 hours and then immediately, we started to see this fraud ring appear. So we looked into it and sure enough, there were a hundred people who were pretending to sign

up from all over the world using slightly different variations of different ID documents. But we made the connection and shut them down which was pretty cool. What results have you seen by leveraging Plaid's products at Republic?

Alan: Republic's mission has always been to protect the user experience above all. So as fraudulent signups increase, and get more sophisticated, we deal with more verifications with the compliance officers. Before Plaid Identity Verification, I would say our success rates were closer to 60%. Now we're looking at 90+ percent. That alone has saved our compliance officers hundreds of hours each month.

Plaid: That reminds me of the very unique challenges Republic has and this is something I had never really thought about before because your fundamental product is essentially having all of these different users from all of these different companies get funneled through Republic in a short period, which means you don't have a consistent fraud profile. Instead, it's like this offering has that kind of fraud. So it could be crypto-related or not, all these different variables make it so that the fraud that you had was always changing. Now I'm doing the selling for you but it allowed us to try out a lot of the different models that we had for different industries of fraud but with one customer which was a unique experience. How has using Plaid Identity Verification improved the experience for your internal review team?

Alan: They were able to save hundreds of hours a week which allowed us to focus more on our product, building more sophisticated innovations, and bringing better features to the market earlier. I'm happy to say that we don't have to think as hard about our integration with Plaid Identity Verification. We can trust that you're doing amazing work and will continue to innovate and update it over time. Instead of worrying about that, we can worry about investing in the user experience. So we trust the pros and if you want to invest, you can come to Republic.

Plaid: So what's next for Republic?

Alan: I would say global platform. There are a lot of initiatives right now that are all trending towards deep expansions of our core platform and how we think. We're looking to be able to tap into the UK and Asian markets more strategically. So I look forward to some of the updates on that later this year.

Plaid: Awesome. Since we have a lot of engineering and product folk here and also online I'd be curious to know if you have any advice or lessons that you'd like to share with them?

Alan: I would say there are probably two things. The first is, to partner with your vendor, and the second one would be to embrace the journey. I've never had a better relationship working with a third-party vendor than working with the Plaid Identity Verification, formerly Cognito, team. We were meeting weekly. Our account manager was more engaged with our data than we were and would always alert us when activities were happening. We trusted their expertise around the system and we built a more compliant system that ended up allowing us to have a 90% success rate.

So partner with your vendor, get to understand their roadmap, build synergies around being able to build a better world and embrace the journey.

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Plaid is a global data network that powers the tools millions of people rely on to live a healthier financial life. Our ambition is to facilitate a more inclusive, competitive, and mutually beneficial financial system by simplifying payments, revolutionizing lending, and leading the fight against fraud. Plaid works with over 8,000 companies including fintechs like Venmo and SoFi, several of the Fortune 500, and many of the largest banks to empower people with more choice and control over how they manage their money. Headquartered in San Francisco, Plaid's network spans over 12,000 institutions across the US, Canada, UK and Europe.

Questions? Reach out to our sales team at info@plaid.com