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PERSPECTIVES by Todd White

46 Crypto Private Financings Raised: \$315.0M
Rolling 3-Month-Average: \$184.4M
Rolling 52-Week Average: \$209.2M

AI and Blockchain seem like natural companions for data security and fraud detection in digital finance, with both technologies able to enhance security and mitigate risks in the fintech and cryptocurrency sectors. AI models can analyze transaction patterns in milliseconds to provide real-time fraud detection in financial transactions. Machine learning can significantly streamline AML/KYC compliance, and AI-driven risk scoring—based on behavior, location, device information, and transaction history—can almost instantaneously identify high-risk transactions, triggering increased security measures (such as 2FA).

Similarly, blockchain’s decentralized architecture can enable secure, tamper-proof digital identification and deploy self-sovereign solutions that allow users to control their own data. Additionally, smart contracts that ensure the automatic execution of transactions based on predefined conditions can substantially reduce—if not eliminate—human fraud risks. When combined, either directly or through collaboration, these technologies can present solutions that are both fast and effective enough to address risk in our rapidly accelerating world. And such solutions are dearly needed. As Soups Banjan wrote in a blog last week, “Money moves at the speed of light. Crime moves at the speed of AI. Between these forces, trust is eroding faster than ever.”

Mr. Banjan is the founder and CEO of Sardine.ai, an AI risk platform for fraud prevention, compliance, and credit underwriting that secured a \$70 million Series C funding round this week. Built on Mr. Banjan’s prior experiences as head of crypto at Revolut and as director of data science and risk for Coinbase—and on his colleagues’ backgrounds leading risk and compliance teams at Uber and PayPal—Sardine was founded in 2020 to provide fraud prevention, compliance, and credit underwriting solutions that integrate device intelligence and behavioral biometrics to detect and prevent financial crimes in real time. The platform now serves over 300 enterprise clients across more than 70 countries, including notables like FIS, Ascensus, and GoDaddy.

The applications of these solutions in the crypto space are compelling, as Sardine has demonstrated through notable collaborations with sector leaders. These include a partnership with Blockchain.com to enhance fraud prevention measures that reduced card fraud and false positives while improving security with minimal impact on legitimate users. They have also helped streamline MetaMask’s onboarding process, enabling users to purchase cryptocurrencies instantly using bank accounts or credit/debit cards. Sardine partnered with Zero Hash to offer instant ACH settlement for fiat-to-crypto transactions, eliminating traditional waiting periods for fund access and enabling real-time crypto purchases. They further provided infrastructure to Cross River Bank to facilitate secure and efficient crypto payment processing with real-time fraud detection and compliance.

In his posthumously published book Genesis, the late Henry Kissinger emphasized the need to use AI-enabled tools to defend against AI threats. Sardine seems to have intuitively understood this and anticipated the market needs that are now arising—and accelerating—by the minute. As financial transactions become faster and AI-driven scams more sophisticated, Sardine’s innovation in fraud prevention and compliance solutions seems well positioned to help shape the future of security in the crypto and fintech sectors. We applaud their foresight and look forward to seeing what they may bring to the cryptocurrency space and, more broadly, to the financial markets.

Contact ryan@architectpartners.com to schedule a meeting.

PAST WEEK NOTABLE TRANSACTIONS						
Company	Size (\$M)	Date	Post-Money Valuation (\$M)	Stage	Subsector	Lead Investor(s)
Sardine	\$70.0	2/11	Undisclosed	Series C	Data & Data Analytics	Activant Capital
Herb (Financial Software)	41.0	2/12	Undisclosed	Early Stage VC	DApp: Investing & Trading	AZ-VC
Hashkey Group	30.0	2/14	Undisclosed	Later Stage VC	Brokers & Exchanges	Gaorong Capital
QuSecure	28.0	2/12	Undisclosed	Series A	Developer Tools & Infrastructure	Two Bear Capital
Plasma (Financial Software)	20.0	2/13	Undisclosed	Series A	Payments Infrastructure	Bitfinex, Framework Ventures
Legend (Financial Software)	15.0	2/11	Undisclosed	Early Stage VC	DApp: Investing & Trading	Andreessen Horowitz
Mango Network	13.5	2/14	Undisclosed	Early Stage VC	Blockchains & Protocols	Ainfra Ventures, Becker Venture Capital, CatcherVC, Connectico Capital, Kucoin Ventures, Mobile Capital, TFUND VC, Tido Capital
GamerBoom	11.0	2/14	Undisclosed	Undisclosed Early Stage	Data & Data Analytics	SKY Ventures, MBK Capital, INK Capital, CLF Capital, Metaverse Group, Bing Ventures, New Heights, Tuna
KUN	10.0	2/14	Undisclosed	Seed Round	Payments Infrastructure	BAI Capital
StakeStone	10.0	2/13	Undisclosed	Early Stage VC	Investing & Trading Infrastructure	BingX SG

