

Fraud, Risk and Compliance Valuations: Q3 2026

Spend on fraud prevention, financial crime compliance and identity verification is compelled rather than chosen. A supervisor, a consent order, a sanctions regime or a licence condition creates the requirement, and the budget follows the mandate rather than the business case. The inference usually drawn from that is a valuation inference: revenue nobody can cancel should churn less, hold through a downturn and command a premium. The first two hold. The third goes to someone other than the company selling the software.

At the market close of 25 September 2026 the five listed pure-plays in this sector carry a median **2.18x** EV/Revenue. The six diversified information services, ratings and exchange groups selling into the same mandate carry a median **7.72x** on a segment-level read. That is a **5.54x** spread on revenue a regulator compels in both cases. Growth does not explain it: the pure-plays grew 16% to 27% in the June 2026 quarter while RELX Risk grew 8% underlying and the Wolters Kluwer compliance division grew 4% organic.

The durability half of the argument is confirmed. Every one of the eleven constituents grew. Moody's know-your-customer line reached **\$478m** of annualised recurring revenue at 30 June 2026, up 13%, and is entirely recurring. Nasdaq's financial crime technology revenue rose 22% to \$98m on **\$359m** of recurring revenue, and RELX expanded its Risk adjusted operating margin to 38.5%. Compelled revenue behaves exactly as the theory predicts, and still clears a lower multiple sold standalone.

Windsor Drake calls the gap **The Mandate Premium**: the excess a buyer pays for revenue a regulator compels, and the question of who collects it. Two mechanisms separate the premium from the vendor. A mandate names the obliged entity and never the supplier, so a bank can satisfy it by buying from whoever already holds its data and its relationship, or by building, as Lloyds Banking Group did across 28 million customers in June 2026. And a mandate created by rule can be withdrawn by rule, which the United States did four times in 2026.

What are fraud, risk and compliance companies worth in 2026?

Three kinds of company sell into this mandate on three different bases, kept apart and labelled throughout. Listed pure-plays carry trading multiples computed from market data. Diversified groups carry segment-level reads, where the group reports a risk, fraud or compliance segment with its own revenue and margin and the multiple is the group's enterprise value over its revenue at the same close. Private companies that priced in a round carry private round marks.

Table 1. Listed Pure-Play Trading Multiples, Market Close 25 September 2026

Company	EV/Revenue	Reported growth	What it sells
Clear Secure	4.40x	26.6%	Consumer identity and enrolment
Mitek Systems	3.77x	18.2%	Document and check fraud
Riskified	2.18x	21.7%	Ecommerce fraud decisioning
Intellicheck	1.52x	16.0%	Identity document validation
GB Group	1.45x	3.2%	Identity, location and fraud data
Median	2.18x	18.2%	Five constituents

Source: Windsor Drake computation from primary market data and company filings. Enterprise value is market capitalisation plus total debt less cash and short-term investments at the market close of 25 September 2026. Growth is each company's most recently reported period.

The group side is priced very differently for revenue answering the same requirement. Nasdaq and Moody's sell screening and monitoring to obliged entities, RELX Risk and LSEG Risk Intelligence sell the underlying identity and sanctions data, and each sits inside a group clearing several times the pure-play level.

Table 2. Segment-Level Reads on Diversified Groups, Market Close 25 September 2026

Group	EV/Revenue	Compelled segment	Segment growth and margin
Nasdaq	10.75x	Financial crime technology	22%, 46.8% margin
Moody's	10.62x	Know your customer	13% ARR, 33.1% margin
Fair Isaac	10.02x	Scores and decisioning	41.5%, 89.7% margin
RELX	5.43x	Risk	8% underlying, 38.5% margin
LSEG	5.28x	Risk Intelligence	9.7% organic, 59.4% EBITDA margin
Wolters Kluwer	3.14x	Financial and corporate compliance	4% organic, 39.3% margin
Median	7.72x	Six constituents	A segment-level read

Source: Windsor Drake computation from company filings at the market close of 25 September 2026. Nasdaq is computed on revenues less transaction-based expenses and LSEG on total income excluding recoveries. Segment margins are quoted on the basis each company reports.

Does regulated, non-discretionary revenue actually hold its value?

As a revenue-quality argument, yes, and the evidence is unusually clean because the whole perimeter reports. Every constituent grew. The compelled lines inside the groups are almost entirely recurring: Moody's states its know-your-customer line is fully recurring, and Nasdaq reports recurring revenue of \$359m against \$308m a

year earlier. Where retention is published it is high, with Socure at 133% net dollar retention. Margin behaviour points the same way: RELX lifted its Risk adjusted operating margin to 38.5% from 37.8%, LSEG lifted Risk Intelligence to 59.4% adjusted EBITDA, and Wolters Kluwer's compliance division reported 39.3%. Businesses losing pricing power do not expand margin.

So the durability claim survives testing and the valuation inference drawn from it does not. The explanation has a measurable half and a structural half. The measurable half is margin: the group segments run roughly double the operating margin of the pure-plays, which run from about 6% at Intellicheck to 23.7% at GB Group. The structural half is what the mandate does and does not compel.

Why does the premium go to the group rather than to the vendor?

A supervisory instrument compels a bank, a broker-dealer, an adviser or a registry filer. It does not compel a purchase. The Office of the Comptroller of the Currency's cease and desist order against Bank of America of 23 December 2024 runs to sixteen articles of required remediation, including an independent programme assessment and two historical look-backs, and names no supplier. The budget is compelled. The vendor selection is not.

That leaves the obliged entity free to build. On 8 June 2026 Lloyds Banking Group deployed agentic artificial intelligence for real-time fraud protection across 28 million customers, developed in-house on the group's own platform, after investing GBP 100m in fraud technology since 2023 and preventing over GBP 1bn of fraud during 2025. When the obliged entity does buy, it buys from the group already supplying its screening data, ratings or regulatory reporting. That incumbency is what the 7.72x read pays for.

The second mechanism is that a mandate is revocable, and during 2026 the United States withdrew or deferred four separate requirements.

Table 3. The 2026 Regulatory Ledger, United States and Europe

Action	Date	Effect on compelled spend
Domestic beneficial ownership reporting ended, 91 FR 52508	14 Aug 2026	Removes an obligation on millions of entities
Investment adviser AML rule deferred, 91 FR 36	2 Jan 2026	Moves a buyer cohort two years right
AML programme proposal, 91 FR 18704	10 Apr 2026	Confines bank enforcement to systemic failure
FinCEN exceptive relief FIN-2026-R001	13 Feb 2026	Ends ownership checks at every new account
EU anti-money-laundering regulation applies	10 Jul 2027	Single rulebook binds obliged entities bloc-wide
AML direct supervision of up to 40 groups	2028	Selection begins 1 July 2027; 432 staff by end 2027
EU digital identity wallet offered	24 Dec 2026	Creates the credential banks must accept
Financial services must accept the wallet	24 Dec 2027	Binds banks to a rail they do not control

Source: Federal Register 91 FR 52508, 91 FR 36 and 91 FR 18704; FinCEN order FIN-2026-R001; Regulations (EU) 2024/1624, 2024/1620 and 2024/1183, Official Journal of the European Union; AMLA Single Programming Document 2026-2028.

Enforcement moved the same way. Both FinCEN civil money penalties in 2026 were against broker-dealers, UBS Financial Services at \$125m and Canaccord Genuity at \$80m, and no depository institution was penalised in either 2025 or 2026. Financial Conduct Authority fines totalled GBP 124.2m across 2025, including Barclays at GBP 42m, Nationwide at GBP 44.1m and Monzo at GBP 21.1m. To late September 2026 the equivalent figure was GBP 18.0m.

Do buyers pay differently for AI-native fraud decisioning?

They paid roughly six times differently inside twelve months. On 3 August 2026 Visa agreed to acquire BioCatch for \$2.4bn in cash from funds advised by Permira and others. BioCatch had published total annualised recurring revenue above \$185m for the end of 2025, putting the announced price close to 13 times trailing recurring revenue. Permira had completed a majority position at a \$1.3bn valuation on 9 September 2024, so roughly 23 months separated the sponsor mark from the strategic price. In the same window Thoma Bravo took Verint private at a \$2.0bn enterprise value, 2.20x revenue for the year to 31 January 2025.

The distinction being priced is between platforms that score behaviour with models and platforms that apply rules, and it has a cost basis underneath it. BCG found false positive rates historically exceeded 90% before optimisation, and that globally systemically important banks run second-line compliance at up to 2.5% of total

costs and 2.9% of total full-time equivalents. McKinsey put industry detection of global financial crime flows at about 2%, with banks assigning up to 10% to 15% of full-time equivalents to know-your-customer and AML work alone.

Table 4. Measured Uplift From Model-Native Decisioning

Institution	Measure	Result	Date
Bank for International Settlements	Illicit accounts identified	12% more	5 Jun 2025
Bank for International Settlements	Previously unseen behaviours	26% more	5 Jun 2025
Mastercard	Fraud detection rate	20% higher, up to 300%	1 Feb 2024
Mastercard	False positives	More than 85% lower	1 Feb 2024
Mastercard	UK push payment scam cases	20% lower in 2024	28 Jul 2025
Visa	Tokenised ecommerce fraud	35% lower	2 Apr 2026
Visa	Tokenised authorisation rate	Nearly 5 points higher	2 Apr 2026

Source: BIS Innovation Hub, Project Hertha, 5 June 2025; Mastercard releases of 1 February 2024 and 28 July 2025; Visa, Protecting digital payments from timely threats, 2 April 2026.

The BIS figures are the argument in one number: the uplift roughly doubles precisely where rules-era systems fail, because a rule can only encode a pattern someone has already seen. The Federal Bureau of Investigation counted AI-enabled fraud as its own category for the first time on 6 April 2026, at 22,364 complaints and \$893.3m inside a \$20.9bn total that rose 26%, and UK Finance reported the average card-not-present fraud case at GBP 132 in 2025 against GBP 300 in 2016 while cases rose 13%. High-volume, low-value, remote attack is the regime that breaks a rules engine.

Who is buying, and what is the realistic exit?

Across the regtech, know-your-customer and identity and fraud cohorts of the Windsor Drake transaction index, queried on 29 September 2026 and deduplicated on target, acquirer and announcement month, 44 of 45 distinct transactions went to a strategic acquirer. Mastercard appears five times, Visa three and Truecaller twice. A short list of buyers returns here, and they are largely the groups carrying the segment-level premium, which raises the value of a process holding several of them at once.

Three buyer motives are active. Networks buy the decision layer: Visa completed Featurespace in December 2024 and agreed BioCatch in August 2026, neither of which adds payment volume. Information groups buy the signal: LexisNexis Risk Solutions completed IDVerse in February 2025, Experian acquired KYC360 in October 2025 and AtData in February 2026. Software groups buy the workflow, with UiPath acquiring WorkFusion in February 2026. The private market has priced this sector closer to the group level than to the

listed pure-play level, which is the clearest sign that the discount attaches to standalone public ownership rather than to the revenue.

Table 5. Private Round Marks in Fraud, Risk and Compliance

Company	Valuation	Round and date	Disclosed detail
Socure	\$5.2bn	\$156m, Summit Partners, 27 Aug 2026	\$364m ARR at 14.3x, 133% net retention
Quantexa	\$2.6bn	\$175m Series F, 5 Mar 2025	Nearly 40% licence growth, past \$100m ARR
Feedzai	Above \$2bn	Roughly \$75m, 2 Oct 2025	Selected by the ECB for digital euro fraud
Persona	\$2bn	\$200m Series D, 30 Apr 2025	Co-led by Founders Fund and Ribbit Capital
Norm Ai	\$1.2bn	\$120m Series C, 7 Jul 2026	Clients holding over \$30tn in assets

Source: Company and investor announcements, dated as shown. Every figure in this table is a private round mark, a negotiated post-money valuation rather than a trading multiple.

What should a founder in this sector do in the next twelve months?

The European calendar is the timing argument. The obligations that re-rate this sector are already law with fixed dates: the anti-money-laundering regulation applies from 10 July 2027, AMLA begins selecting up to 40 groups for direct supervision by 1 July 2027 while scaling from 120 staff to 432 by the end of 2027, and financial services must accept the EU digital identity wallet by 24 December 2027. Acquirers buy capability in the twelve to eighteen months before a compliance date, not after it.

The United Kingdom is already in delivery. The failure to prevent fraud offence has applied to large organisations since 1 September 2025, and Companies House had verified 7,364,599 appointments by 30 June 2026, 49.68% of those in scope against 6.16% seven months earlier. Screening load compounds independently: OFAC's specially designated nationals list held 19,444 entries at 29 September 2026, of which 29.3% sit under a single executive order signed in April 2021, and the FATF added four jurisdictions to its grey list across the two 2026 plenaries.

Key Takeaways for Founders

1. Compelled revenue is durable, and durability is not the multiple

Every constituent grew, the compelled lines are recurring, and margins expanded on them. The listed pure-plays still clear 2.18x against 7.72x for the groups. Build the case on what the revenue does, not on the premium it is assumed to deserve.

2. Growth will not close the gap, so do not price on it

The faster-growing half of the perimeter carries the lower multiple. Clear Secure grew 26.6% at 4.40x while RELX Risk grew 8% underlying inside a group at 5.43x. Margin and ownership position explain the ranking, and both take longer to move than a growth rate.

3. Price the political beta on every compelled line

Four US requirements were withdrawn or deferred in 2026. A buyer will ask which instrument creates each revenue line and when it next comes up for review. A seller who has already answered that controls the conversation.

4. The buyer who pays the premium is the group

If the re-rating attaches to the diversified owner of the data asset and the bank relationship, the exit that captures it is a sale into that group. 44 of 45 deduplicated transactions here went to strategics, and the repeat buyers are the names carrying the segment-level read.

5. Evidence the model claim rather than asserting it

Visa paid close to 13 times trailing recurring revenue for a behavioural model while a rules-era platform left the public market at 2.20x revenue in the same twelve months. Detection uplift against a rules baseline and false positive reduction separate those outcomes.

6. The European calendar sets the window

The obligations creating the next wave of compelled spend apply from July and December 2027, and the acquirers who will need that capability are assembling it now. A seller positioned against a fixed forward mandate is meeting demand already written into law.

- [FinCEN, US Department of the Treasury](#)
- [Office of Foreign Assets Control](#)
- [Federal Register](#)
- [Office of the Comptroller of the Currency](#)
- [US Securities and Exchange Commission](#)
- [Federal Reserve Board](#)
- [FBI Internet Crime Complaint Center](#)
- [Federal Trade Commission](#)
- [Publications Office of the European Union](#)
- [Anti-Money Laundering Authority](#)
- [European Commission, digital identity](#)
- [Financial Conduct Authority](#)

- [Payment Systems Regulator](#)
- [Companies House](#)
- [Financial Action Task Force](#)
- [Bank for International Settlements](#)
- [Boston Consulting Group](#)
- [McKinsey & Company](#)
- [UK Finance](#)
- [Nasdaq Verafin](#)
- [Visa](#)
- [Mastercard](#)
- [Lloyds Banking Group](#)
- [TD Bank Group](#)

Methodology Note

Framework: The Mandate Premium. The perimeter is every company whose fraud, financial crime compliance or identity verification revenue is either the whole business or a separately reported segment, divided into three bases which are labelled at every appearance and never blended. Listed pure-plays are Clear Secure, Mitek Systems, Riskified, Intellicheck and GB Group. Group segments are Nasdaq, Moody's, Fair Isaac, RELX, LSEG and Wolters Kluwer, carrying segment-level reads where the multiple is the group's enterprise value over its revenue and the segment's own revenue, growth and margin are stated alongside. Private round marks are Socure, Quantexa, Feedzai, Persona, Norm Ai and Bretton AI.

Source standard. Regulators, supervisors, central banks, primary filings, the major consultancies and elite data houses only. Regulatory dates are taken from the instrument itself: Official Journal texts, Federal Register documents and agency orders. Commercial figures carry the institution and the date of publication.

Close date and computation. All multiples are computed at the market close of 25 September 2026. Enterprise value is market capitalisation plus total debt less cash and short-term investments from each company's most recently filed balance sheet, over trailing twelve month revenue from its most recently filed report. Nasdaq is computed on revenues less transaction-based expenses and LSEG on total income excluding recoveries. GB Group is priced at 146.80p and Wolters Kluwer at EUR 68.66, each in its reporting currency.

Exclusions and derived figures. Cellebrite and Cognyte are excluded because their buyer is a law enforcement or national security agency rather than an obliged entity. NICE is excluded from the pure-play set because its financial crime line reports inside a cloud, services and product split. Transaction multiples are derived from figures the parties published: BioCatch divides the \$2.4bn price by trailing recurring revenue above \$185m, Verint divides the \$2.0bn enterprise value by \$909.2m of revenue to 31 January 2025, and Socure divides \$5.2bn by \$364m of ARR.

Attribution and the transaction index. Index counts come from the regtech, know-your-customer and identity and fraud cohorts of the Windsor Drake transaction index, queried live on 29 September 2026 and deduplicated on target, acquirer and announcement month, giving 45 distinct transactions. It is used for acquirer identity, type mix and repeat buyers only. Every other figure is either computed from primary market data with the constituents named, or attributed to the institution that published it with its date.