



How Robinhood unlocked millions in instant funds



PROBLEM

Robinhood needed a way to offer instant account funding, while mitigating the risk to their bottom line.

SOLUTION

With Plaid Signal, Robinhood mitigates risk and unlocks more than \$100 million in instant funds each year.

+\$100M

Plaid helps Robinhood unlock 1.5% more instant funds – roughly \$100M – deposited into Robinhood accounts on an annualized basis

Robinhood—the stock trading and investing app that revolutionized the industry through its commission-free model—counts over 23 million customers and provides offerings for investing, retirement, and crypto trading.

In an effort to lower barriers to financial access, the company prioritizes instant account funding to help customers grow their wealth from the moment they join the platform.

But because customers typically use ACH to fund their accounts, money can take a few days to settle. For Robinhood, this meant delaying funds and diminishing the customer experience, or accelerating funds and increasing the risk of fraudulent activity. To keep their promise of instant trading but reduce the risk to their bottom line, they needed other solutions, one of which was Plaid.

“By leveraging insights from Plaid’s consumer-permissioned network and our own data, we’re able to offer instant trading to more customers while also lowering the risk of returns. It’s a win-win.”

OMID SCHEYBANI

*Head of Partnerships and Business Development,
Robinhood*

Powered by Plaid’s network

While Robinhood’s team already had a robust internal risk model in place, they needed a way to monitor customer activity outside the platform. Plaid Signal offered an answer: a machine learning engine that draws from the breadth of Plaid’s vast consumer-permissioned network of data to both weed out fraudulent transactions and identify those with a low risk of return.

To achieve this, Signal gives Robinhood a “bank-initiated” score, which predicts the likelihood of returns initiated by financial institutions, as well as a “customer-initiated” score, which predicts the likelihood of returns initiated by users.

If suspicious behavior is detected, Robinhood can limit the impact on their platform by delaying access to funds until after they’ve settled.

PLAID PRODUCTS

[Auth](#)
[Balance](#)
[Identity](#)
[Signal](#)

A better customer experience

In addition, Signal returns over 60 predictive insights with every response—representing the ‘why’ behind each score. Based on over 1,000 risk factors, these insights cover the account’s connection history, its current status, past ACH return events, suspicious changes linked to identity, and more. In this way, Signal doesn’t just allow Robinhood to stop bad actors and identify risky behavior, it also helps them offer good customers a seamless experience.

As Omid Scheybani, Head of Partnerships and Business Development at Robinhood, puts it:

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A proven ROI

Using Plaid Signal has allowed Robinhood to unlock 1.5% more in instant funds—or roughly \$100 million on an annualized basis, enabling more customers to immediately start trading.

This removal of friction in customer onboarding and the depositing of funds has helped fuel Robinhood’s growth, furthering both companies’ commitment to democratizing access to financial services for all.

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Plaid powers the digital finance solutions that enable millions of people to live healthier financial lives. Trusted by 8,000+ of the world’s leading companies and connected to 12,000+ financial institutions across the US, Canada, UK, and Europe, Plaid’s mission is to unlock financial freedom for everyone.

Ready to build the future of digital finance? Reach out to our sales team at info@plaid.com.