

Solution Brief: Cryptocurrency Marketplaces and Wallets

Streamlining Secure Transactions, Preventing Money Laundering and Detecting Fraud



Business Benefits

- **Onboard** good customers while preventing fraudsters registering new accounts
- **Recognize** returning customers, speeding up transaction processing for trusted interactions
- **Identify** potential account takeover attempts in near real-time
- **Detect** instances of social engineering attempts on existing customers
- **Support** compliance with anti-money laundering (AML) regulations
- **Gain** an omni-channel and cross-transaction view of trust and risk
- **Recognize** evolving fraud threats with adaptive machine learning models

Business Challenges



Cryptocurrency wallet providers and marketplaces operate in a landscape of heightened risk, attracting fraudsters due to the fact they are decentralized, anonymous and private. This can significantly impact the user experience of trusted investors who are looking for quick, low friction and safe online account management.

Key fraud typologies include:

- Fraudsters registering for new cryptocurrency wallets/marketplaces to move money securely from one country to another
- Account takeovers to steal wallet balances or fraudulently trade customer assets
- Creation of fake cryptocurrency apps that mimic legitimate businesses in order to mine or steal cryptocurrency from unsuspecting users



Crypto organizations need the ability to reliably risk-assess transactions across the customer journey, from the point at which a user creates a new account, through account management, and to the point of payment. Having the ability to continuously verify the integrity of cryptocurrency apps, particularly when traders have several apps installed on the same device, can also help detect instances of app tampering and malware designed to exploit good users.



Estimated \$9M Lost Every Day in Cryptocurrency Scams¹

¹ Investopedia.com: <https://www.investopedia.com/news/beware-9m-are-lost-each-day-crypto-scams/>

An Enhanced View of Trust and Risk Across the Full Range of Cryptocurrency Transactions with LexisNexis® Risk Solutions

LexisNexis Risk Solutions has a range of market leading fraud, identity and authentication solutions that can help cryptocurrency platforms make more informed trust and risk decisions, across the customer journey.



Low Friction Security for New Account Creations



Verify the digital and physical identity of new customers without imposing unnecessary friction on the sign-up process



Pinpoint fraudsters applying for multiple accounts from the same device/email address, potentially indicating a bonus abuse or money mule scenario



Identify fraudsters using stolen identity credentials to register for a new account



Detect apps that have been modified or tampered with



Identify applications associated with money-laundering activity



Cryptocurrency Account Lifecycle Management: Wallets and Marketplaces



Protect high-risk touchpoints such as logins, change of details and registering for a mobile app on an existing account



Identify patterns of behavior indicative of money-laundering, including the monitoring of transactions from sanctioned countries



Detect instances of social engineering of good customer accounts via changes in behavior, transaction patterns and behavioral biometrics anomalies



Near real-time risk assessment of payment events to detect high-risk devices, unusual transactions or behaviors, and to verify app integrity



Secure Authentication Strategies to Verify High-Risk Transactions



Authenticate identity documents at new account creation to ensure that the consumer is a legitimate and trusted new account holder



Layer strong authentication solutions such as strong device binding, SMS one-time passcode and secure push notification to add an additional layer of authentication to high-risk transactions



Support Brand Reputation, Regulatory Compliance and Enhanced User Experience



Help organizations comply with regulatory requirements around KYC and AML



Help facilitate the use of faster payment protocols to attract long-term investors



Support brand reputation of cryptocurrency platforms in order to attract good, trusted customers and legitimate transactions

LexisNexis Risk Solutions currently secures over 18M cryptocurrency transactions every year.

Solution Summary: Market-Leading Digital and Physical Fraud, Identity and Authentication Strategies



LexisNexis® ThreatMetrix® uses digital ID intelligence relating to devices, locations, behaviors and known threats to reliably distinguish between trusted users and potential threats.



LexisNexis® Emailage® utilizes the user's email address as a unique risk identifier and returns easy-to-digest intelligence to provide an enhanced view of trust and risk.



LexisNexis® Behavioral Biometrics adds an additional layer of defense to augment intelligence provided by ThreatMetrix and Emailage, analyzing the way a user interacts with their device.



LexisNexis® SMS OTP offers a time-sensitive, unique random passcode via SMS, text, email or phone and is ideal for companies that are interested in providing a multi-factor authentication solution for their customers' high risk transactions.



LexisNexis® TrueID® provides secure and robust authentication of physical identity documents at the point of account registration, while maintaining a positive user experience.



LexisNexis® Instant Verify International is a powerful identity verification and validation tool that quickly and efficiently helps you onboard new relationships, enabling verification of details for over 30 countries, based on local data sources and intensive knowledge of validation requirements.

Crypto organizations attract fraudsters looking to dupe customers into an investment scam, takeover customer accounts, or launder money. Differentiating between a trustworthy customer from a cybercriminal is critical. Enhancing intelligence relating to a customer and the way they transact across their entire lifecycle can help organizations build a reliable profile of trusted behavior, thereby identifying high-risk deviations from the norm.



For more information visit risk.lexisnexis.com/global/en/financial-services/fraud-and-identity-management

About LexisNexis Risk Solutions

LexisNexis® Risk Solutions harnesses the power of data and advanced analytics to provide insights that help businesses and governmental entities reduce risk and improve decisions to benefit people around the globe. We provide data and technology solutions for a wide range of industries including insurance, financial services, healthcare and government. Headquartered in metro Atlanta, Georgia, we have offices throughout the world and are part of RELX (LSE: REL/NYSE: RELX), a global provider of information-based analytics and decision tools for professional and business customers. For more information, please visit www.risk.lexisnexis.com and www.relx.com.

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