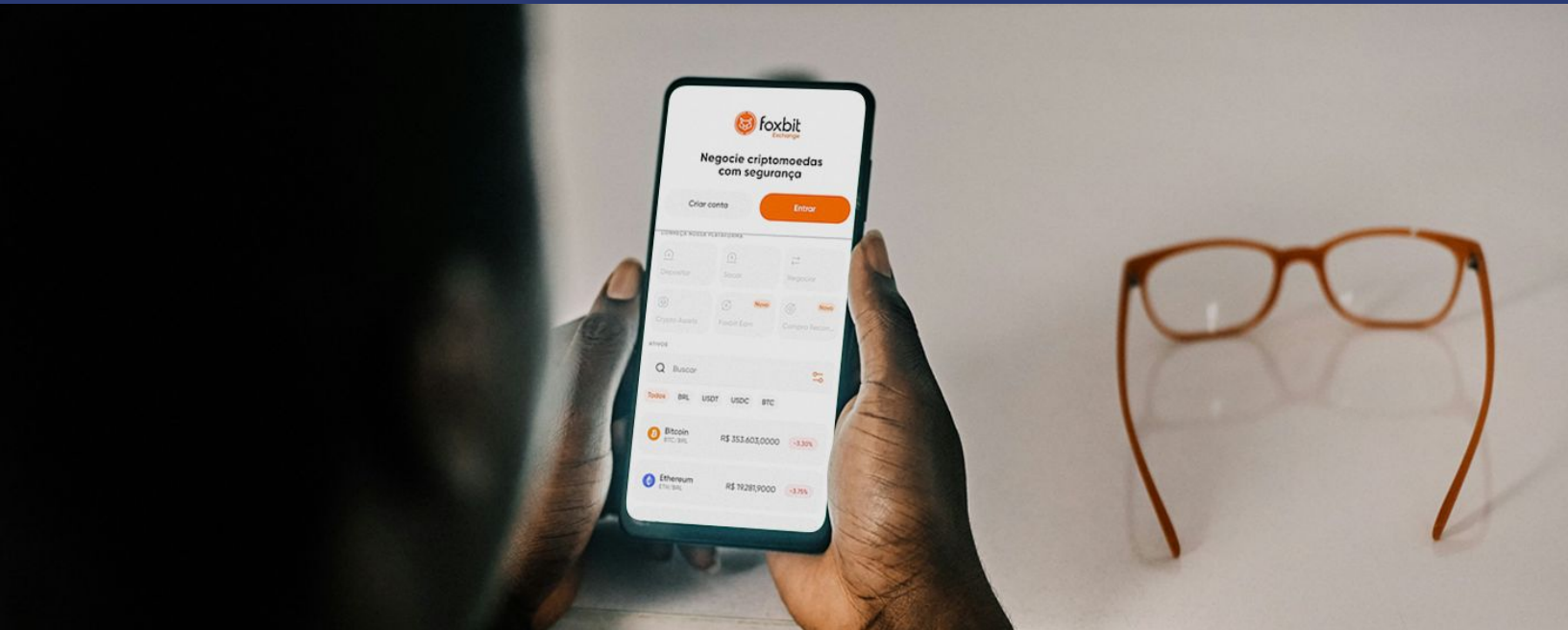# Chainalysis

Foxbit improves compliance program efficiency without increasing headcount

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Company Name: Foxbit

Type of Business: Cryptocurrency Exchange

Chainalysis Solutions: Chainalysis Crypto Risk and Crypto Investigations solutions

Since 2014, crypto exchange Foxbit has been a pioneer in the industry. Born from the desire to develop a credible Brazilian market for trading bitcoin and other cryptocurrencies, Foxbit is dedicated to making crypto accessible in a simple, fast, and secure way, allowing anyone to invest in their financial independence. As one of the oldest crypto exchanges in the world, Foxbit has over 25 billion reais traded so far, and more than 1 million registered customers. It offers crypto products and services for beginners, experienced investors, and companies alike.

CHALLENGE

Reduce manual effort in transaction monitoring and improve blockchain coverage

As a leading crypto exchange in Brazil, Foxbit has always prioritized regulatory compliance. Early on, the company offered input and commentary on Brazilian crypto regulations, and collaborated with the government to prepare the first report of all crypto operations in the country. Given its demonstrated leadership, Foxbit is known for adherence to market best practices and self regulation.

To support its compliance efforts, Foxbit initially used a blockchain analytics solution with limited blockchain coverage. While that sufficed for a time, along the way, Foxbit's network coverage grew with its products and services. In addition

to its crypto trading platform, Foxbit later launched payment solutions for individuals and companies, and a crypto-as-a-service offering for banking customers. After too much time spent analyzing blockchain transactions not supported by its solutions provider, Foxbit's compliance team knew that, without an automated way to surface alerts, it risked not only compliance failures but reputational damage.

While the team was able to take proactive measures like blocking transactions from sanctioned entities, without full coverage for all the blockchains it interacted with, Foxbit could not adequately screen every transaction flowing through its services. The company also lacked complete assurance for its B2C and B2B customers that its platforms, products, and services were adequately monitored for safe crypto trading and transacting.

"Problems will happen, but it's more about how fast we can resolve them. If, down the line, we see a wallet that we previously deemed as clean made a transfer to a suspicious wallet, we can act quickly to block that wallet."

SOLUTION

A blockchain analytics platform with vast blockchain coverage

Long before Foxbit considered Chainalysis as a blockchain analytics platform, Rodrigo Ikegaya — Product & Business Director and Chief Product Officer at Foxbit — said it valued the company's reputation, and referenced its reports and publications. Once Foxbit began expanding its operations and attracting a variety of customers, it knew it needed to provide more robust support for its products, and chose Chainalysis to increase oversight of all the transactions it needed to monitor.

With this increased coverage, Foxbit began using the Chainalysis investigations solution to validate all wallets registered by its users, identify the origins of crypto sent to its exchange, follow the flow of transactions, and rapidly identify suspicious users.

In addition to supporting its crypto exchange platform, Foxbit also began using Chainalysis to monitor its payment solutions and crypto-as-a-service offering, which helps banking institutions provide crypto investment products as well as cross-border payment services. With the Chainalysis investigation solution, Foxbit can now assure all of its customers that transactions are properly monitored.

> "Because using Chainalysis made the compliance team better, faster, and more efficient at their jobs, people were excited to adopt it."

How Chainalysis simplified onboarding, integration, and reporting processes

In gaining full coverage for all of the networks it needed to support, Foxbit found the Chainalysis onboarding process to be a smooth one. "Because using Chainalysis made the compliance team better, faster, and more efficient at their jobs, people were excited to adopt it," Rodrigo said. Foxbit also uses Fireblocks, and Rodrigo noted that the Fireblocks/Chainalysis connector simplified the integration and facilitated the easy migration of previously unsupported blockchain transaction alerts.

As for reporting, Rodrigo says the team is relieved that suspicious transactions are now automatically identified and then funneled to the appropriate channels for action, rather than landing in reports for later action or review. Instead, Chainalysis helps the compliance team quickly identify singular issues that need to be reported or wallets that need to be blocked. Suspicious activity report (SAR) filing has also been simplified, as has assisting law enforcement with investigations.

RESULTS

Three employees confidently run Foxbit's compliance program across all lines of business

Since adding Chainalysis, Foxbit's ability to react to suspicious transactions has dramatically increased in terms of speed and scale. "Problems will happen, but it's more about how fast we can resolve them. If, down the line, we see a wallet that we previously deemed as clean made a transfer to a suspicious wallet, we can act quickly to block that wallet," Rodrigo says. "If someone's crypto is stolen, we can also file an instantaneous report and block the transaction."

With its previous blockchain analytics solution, Rodrigo estimates the compliance team lacked automated oversight of over 30-40% of

transactions. Since gaining greater coverage with Chainalysis, the reduction in manual analysis has been a game changer for the team.

In fact, just three employees can confidently run Foxbit's compliance program across all its lines of business. Rodrigo says, "Without Chainalysis, we would need more people and would feel very exposed. But the team feels assured that nothing is going to happen without them knowing."

Gaining full blockchain coverage and improved automation has also helped Foxbit securely launch products that integrate with more blockchains. And by virtue of the technology partners it has chosen — including Chainalysis — Rodrigo says the company can assure its customers that its products and services are safe to use. He also shared that as the company recruits new business, one of Foxbit's go-to pitches is that it uses Chainalysis to support its compliance program.

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Foxbit has long been a leader in Brazil's crypto industry and Rodrigo shared that the company doesn't depend on investors, an impressive feat in the crypto ecosystem. He said, "Foxbit knows the cycle of the market — when to put efforts into marketing, when to use the money to create new products, and when to save."

As a company that's been at the forefront of regulatory discussions in Brazil, Foxbit is also well-positioned to react to new regulations while keeping pace with the speed of innovation. Though the company doesn't plan

to offer Bitcoin exchange-traded funds (ETFs), it will offer a crypto-purchasing service for Brazilian investment firms launching ETFs.

Speaking of innovation, in 2023, Brazil's Central Bank announced Foxbit as one of its partners — and the only crypto exchange — in its Drex (Digital Brazilian Real) initiative, a CBDC pilot project. Demonstrating its leadership in the crypto industry, Foxbit participated to better understand the future of CBDC projects and how it may adapt to those developments. Rodrigo says the company will continue to stay informed about government initiatives, and trusts Chainalysis to support its compliance efforts even as regulations evolve.

Chainalysis

Building Trust
in Blockchains

About Chainalysis

Chainalysis, the leader in blockchain intelligence, makes it easy to connect the movement of digital assets to real-world services. Organizations can track illicit activity, manage risk exposure, and develop innovative market solutions with intelligent customer insights. Our mission is to build trust in blockchains, blending safety and security with an unwavering commitment to growth and innovation. For more information, visit www.chainalysis.com.