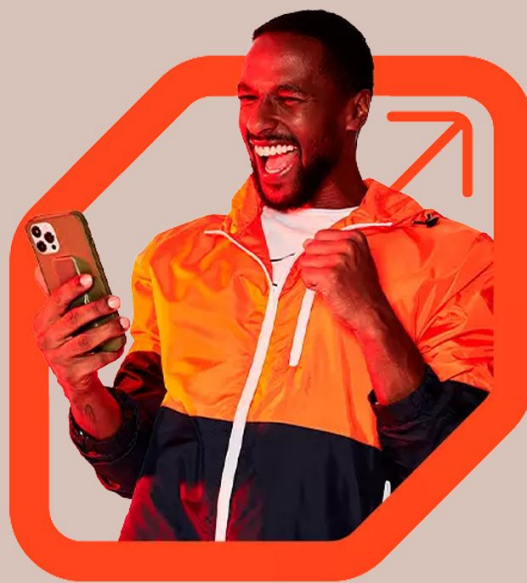




Mercado Bitcoin Continuously Optimizes Operations and Instills User Trust With Chainalysis



Customer Story



October 2023

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Company Name: Mercado Bitcoin

Type of Business: Cryptocurrency Exchange

Chainalysis Solutions: Chainalysis KYT, Reactor, Business Data

Operating Regions: Latin America and Europe

Introduction

Launched in 2013 with the idea of democratizing access to digital assets and cryptocurrencies, the Mercado Bitcoin platform has innovation written into its code. To bring its vision to life, the company combines technology and security in a way that has earned it trust globally. Today, it operates the largest cryptocurrency and digital asset platform in Latin America, trusted by almost four million customers looking to participate in the new digital economy.

Mercado Bitcoin uses Chainalysis to:

- Collaborate with law enforcement to prevent fraud and money laundering
- Educate regulators and push for continued development of the digital economy
- Reduce by 50% the time from opening an investigation to identifying a suspect
- Confidently offer new products in Brazil and Europe

Serving Clients in a Booming Market

Mercado Bitcoin (MB) is the crown jewel in the portfolio of the 2TM Group, a Brazilian holding company managing a range of digital asset

services and solutions. MB is a leader in a region where cryptocurrency is being adopted at record rates. Its platform has handled over \$50 billion in trading since 2013.

MB/2TM is building a complete crypto ecosystem by providing a wide range of B2B and B2C solutions based on blockchain. These solutions include a qualified digital custodian, an equity crowdfunding platform, an asset token fabric, educational programs, and services for crypto traders and institutional investors. Recently Mercado Bitcoin has obtained a payment institution license from the Brazilian Central Bank, marking a significant milestone for the exchange, enabling it to operate as a payment institution and electronic money issuer. The ultimate goal is to help establish the new digital economy and democratize access to digital assets.

Enabling a Simple, Secure Client Experience

MB eases its clients' investment journey by equipping them with information along with a safe and simple experience. It does this by investing in and focusing on security and controls.

According to Giovana Fiorin de Abreu, Director of Operations, the challenge is to agilely create a simple experience that satisfies client needs on a platform while meeting regulatory requirements. This challenge has grown in complexity as MB now offers more than 200 cryptocurrencies.

In addition to contributing to the development of the Brazilian regulatory framework, Fiorin de Abreu is guiding her team to create and maintain efficient, client-centric processes. “We facilitate the launch of new products that differentiate us from the competition by improving day-to-day operations and the quality of the client experience. This includes ensuring a safe operating environment.”

To that end, the operations team used an open-source blockchain explorer to manually investigate potential fraud triggered by behavioral alerts from the business intelligence team. Knowing this approach was unsustainable, it sought a blockchain investigation solution to enable continuous improvement of its security controls.

Gaining a Solution Aligned With Their Business Strategy

MB wanted a solution that gathered and delivered data so that their data and business teams could easily connect the dots. “No solutions covered our needs like Chainalysis. It’s easy to see all information and take action via the intuitive user interface. Plus, the roadmap lays out plans for new assets, and Chainalysis provides impressive training and support,” Fiorin de Abreu continues.

With Fiorin de Abreu’s guidance, the use of our solutions has increased over time. In addition to transaction monitoring and enhanced due diligence, MB also dives into business data capabilities that provide constant visibility into how clients use their cryptocurrency on the MB platform. It is also excited about the capabilities of our newest solutions Playbook and Storyline.

While Playbook provides on-chain insight into client activities off the MB platform, Storyline will be used to understand, investigate, and communicate complex smart contracts, multi-asset, and cross-chain transactions.

Optimizing Operations

The operations and compliance teams collaborate to investigate certain patterns or behaviors surfaced by our technology. They ensure a quality client base and derisk transactions through better insights into their own operations, the crypto ecosystem, and different types of fraud.

After taking advantage of training by our Customer Success team, they were able to re-evaluate their alerts based on industry best practices and in a way that reflected their business goals. For example, they’ve cleared almost 650,000 alerts through precise configurations, being able to focus the team on analyzing critical transactions and risky customers. Plus, a deeper understanding of the path that cryptocurrency follows through the blockchain allowed them to establish new internal behavior alerts. “Chainalysis enables us to adapt and create new alerts based on client behavior, leading to higher accuracy,” says Fiorin de Abreu.

“With the knowledge and capabilities provided by Chainalysis, we can adjust and calibrate our operational controls, settings, and monitoring. This is key to delivering the secure, streamlined experience that our clients trust us to provide.”

Giovana Fiorin de Abreu
Director of Operations, Mercado Bitcoin

That's not all. As Fiorin de Abreu explains, "Because Chainalysis expertise and technology helped us calibrate our alerts associated with risky client behavior, we can more confidently make decisions to take action around these cases."

Moreover, we provide dedicated support for the investigation of more complex cases, sharing findings with the team and helping them to build their own knowledge base. They cut the time in half from opening an investigation to identifying a suspect and increased the number of successful investigations per analyst.

Building a Long-Term Business

In 2020, the Blockchain Transparency Institute recognized MB as one of the 25 most trusted exchanges in the world. According to Fiorin de Abreu, we provided transparency into the funds moving across its platform.

"With Chainalysis, we know what's happening on our platform and get the insights we need to build a more secure space for clients," she says.

MB was one of Brazil's first exchanges to demonstrate a sustainable crypto business. "We are building a long-term business; the key is providing a safe operating environment. Chainalysis empowers us to excel when it comes to monitoring and investigating blockchain transactions. Plus, we can share information and insights with regulators that help them understand how blockchain technology can unlock the digital economy," she continues.

Knowing a healthy crypto ecosystem aligned with best practices is directly linked to long-term viability. MB collaborates with government authorities, including law enforcement, to combat and prevent fraud and money laundering. "We are a critical vector of crypto education in Brazil and Chainalysis helps us expand our operational knowledge and encourage the continued development of this sector," says Fiorin de Abreu.

Supporting Business Growth

MB can rely on us to ensure a secure operating environment and platform as they continually launch new products and sign on new clients. "Many exchanges don't take as much notice of what is happening on their platforms. We want to be aware of the behaviors and transactions on our platform, and Chainalysis provides that view," says Fiorin de Abreu.

MB will continue calling upon us as it expands into Europe by acquiring Criptoloja, which received the first official license as a virtual asset service provider (VASP) from Banco de Portugal. "With Chainalysis solutions, we can confidently grow and more easily launch products in markets outside of Brazil," concludes Fiorin de Abreu.





Building Trust in Blockchains

About Chainalysis

Chainalysis is the blockchain data platform. We provide data, software, services, and research to government agencies, exchanges, financial institutions, and insurance and cybersecurity companies in over 70 countries. Our data powers investigation, compliance, and market intelligence software that has been used to solve some of the world's most high-profile criminal cases and grow consumer access to cryptocurrency safely. Backed by Accel, Addition, Benchmark, Coatue, GIC, Paradigm, Ribbit, and other leading firms in venture capital, Chainalysis builds trust in blockchains to promote more financial freedom with less risk. For more information, visit www.chainalysis.com