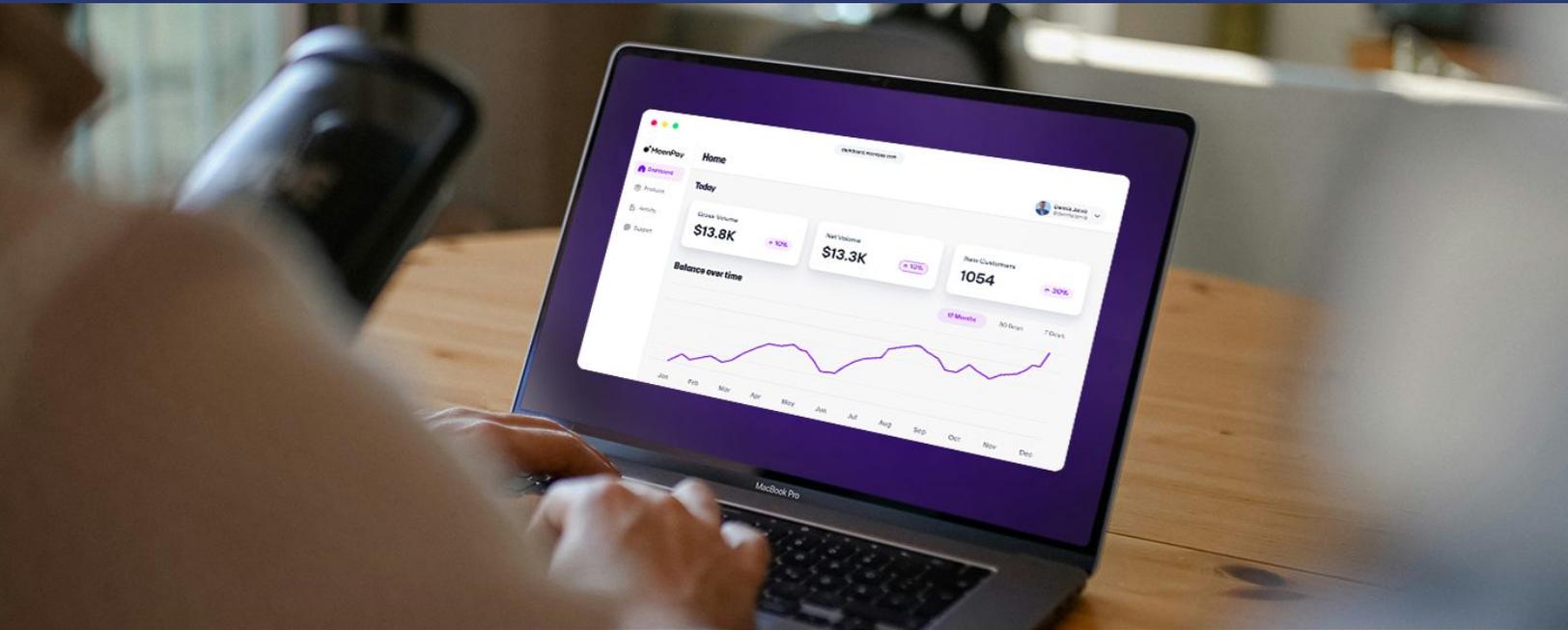


MoonPay streamlines risk management and unlocks new revenue with Chainalysis



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Company Name: MoonPay

Type of Business: Web3 infrastructure

Chainalysis Solutions: Chainalysis crypto risk and crypto investigations solutions

Founded in 2019, MoonPay launched as an on-ramp service to enable fiat-to-crypto transactions. Today, it's a leading web3 infrastructure company, and many of the world's most iconic brands, including Mastercard, Gucci, and Universal, have leveraged MoonPay's web3 infrastructure offerings to bring their ideas to life. MoonPay has customers in over 180 countries and is used by hundreds of partners including leading wallets, exchanges, and commercial brands.

CHALLENGE

Reduce false positives for compliance team

As a global web3 infrastructure company, compliance is front and center in MoonPay's product development and global expansion. As its tech stack evolved, MoonPay's compliance team came to use two compliance vendors in parallel. Differing techniques around wallet attribution resulted in conflicting outcomes and a layer of complexity for analysts to disposition the alerted activity.

"Over time we saw that conflicting outcomes generated a significant number of false positives and wallet attributions changed relatively quickly once a SAR had been filed. At this point we realized a change was needed", said Simon Knight, Director of International Compliance.

SOLUTION

A single source of truth for risk management

Prior to consolidating its monitoring strategy, MoonPay conducted extensive tests using historical data, which demonstrated the capability to increase the productivity and quality of blockchain alerts while simultaneously reducing false positives. Upon conclusion of the tests, which also considered the Chainalysis integration with MoonPay's Travel Rule solution vendor, MoonPay chose Chainalysis as its primary blockchain analytics partner and worked to align the monitoring strategy with its fintech-focused case management and transaction monitoring system. Almost immediately, MoonPay felt the impact of eliminating conflicting outcomes and achieved higher quality alert outputs, which led to stronger controls and increased efficiency. At the same time, a reduction in false positives meant happier customers and an increase in transaction volume and revenue.

The Chainalysis technical capabilities across transaction monitoring and wallet screening endpoints provide an enhanced alerting capability that helps MoonPay's compliance team to accelerate the reporting of suspicious activity. Additionally, Chainalysis allows MoonPay to demonstrate that the rule settings can be tested, tuned, and calibrated.

The ability to create custom-built behavior-based rules in Chainalysis is exceptional, according to Simon. MoonPay's compliance team uses Chainalysis daily, both in transaction monitoring and sanctions screening to support the initial alert generation and subsequent investigations. Its nominated officers take action on escalations that ultimately result in suspicious activity report (SAR) filings with national FIUs (Financial Intelligence Units). An additional daily use case for Chainalysis is the integration with MoonPay's Travel Rule solution vendor for Travel Rule compliance.

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Simon Knight
Director of International Compliance, MoonPay

Brian Higdon, FIU Director at MoonPay, discussed the technical details of the Chainalysis integration and how it helped the transaction monitoring team to reduce manual work and streamline operations. MoonPay's transaction monitoring system automatically ingests alerts from Chainalysis via API integration directly linked to the transaction monitoring vendor. Using this technology, MoonPay is able to block risky wallets and ultimately reject the transaction — without the need for manual input — and automatically queue an alert for the team to review.

Brian said, “We have actions and information available in real-time that cut down on pivoting between different systems. We can get to a SAR determination quickly and efficiently. And

because that KYT alert was consumed through an API, we don't have to manually enter the details from Chainalysis into our SAR filing system.” Brian also explained that Chainalysis helps MoonPay do much more than simply assessing for wallet risk. “You're able to deploy token-specific rules, category of exposure-specific rules, and write behavioral rules on top of that.”

Streamlining Suspicious Activity Report (SAR) filings

Simon shared that, since integrating with Chainalysis, MoonPay has improved its efficiency with SAR filings. As a nominated Money Laundering Reporting Officer (MLRO) in the UK, Simon must review all escalations, and appreciates how quickly he can confirm their contents by looking up wallet addresses using Chainalysis. Though SAR filings in the UK are still manual, the less time Simon has to spend validating any escalation is a win for him and the business.

Additionally, Simon discussed why using a trustworthy platform for this process is critical. “Being the nominated MLRO, I have a personal liability here in the UK,” he said. “It's important for me that the firm I'm representing is using what we believe to be the best tools out there to protect the organization.”

Of SAR filing in the U.S., Brian noted that a global law enforcement agency communicated appreciation of MoonPay's approach to detect and report suspicious activity through its partnership with Chainalysis. “It allows law enforcement to capture the full scope of detail, which makes them better informed. We're providing them a level of data that is not available to them in traditional finance.”

In addition to the product itself, MoonPay appreciates the ancillary support Chainalysis offers like its blog, reports, webinars, and customer support team.

“As an on- and off-ramp global provider, we need our vendors to be able to support us in the time zones in which we operate,” Simon says. “We’ve found that the customer support function at Chainalysis helps us achieve our business missions and supports us with our regulatory alignment. Customer support provided by Chainalysis is second to none.”

RESULTS

False positives reduced, revenue unlocked

In the time since launching its integration, MoonPay has reduced the number of false positives it experiences in the transaction monitoring process, allowing its team to use resources more effectively when dispositioning and investigating alerts. Fewer false positives has also meant fewer transactions blocked and fewer customers being offboarded, leading to increased revenue. “It’s truly refreshing to see compliance lead an initiative that is going to be so impactful to the bottom line of the business,” said Simon.

In addition to these benefits, the transaction monitoring team has gained a more efficient blockchain screening program overall, with up to a 5x increase in productivity in some instances.

For MoonPay, the Chainalysis investigations solution has improved the quality of investigations its transaction monitoring team conducts. In October of 2023, MoonPay launched a non-custodial crypto swap platform that lets users swap cryptocurrencies easily, quickly, and securely. When it comes to monitoring this product, the Chainalysis investigative solution helps MoonPay save time with an all-in-one approach that makes the review process faster.

MoonPay’s integration with Chainalysis has also enhanced the company’s collaboration with law enforcement and regulators. “If they know that you’re using a credible vendor in that space,

there’s a little bit more comfort because they use the same tools and talk the same language,” explained Simon. “And because you’re referencing the same data, there can be no room for misunderstanding or misinterpretation.”

MoonPay also values participating in the Customer Advisory Board because it allows the company to get advanced notice of the Chainalysis product roadmap and provide feedback. A case in point is the Web3 growth solution, which provides User Activity Insights. When presented to MoonPay, the company believed it would complement its financial crime program and is currently working with Chainalysis to develop a proof of concept with its business growth team.

Reflecting on the Chainalysis and MoonPay partnership, Brian said, “The cost of compliance is high. Chainalysis enables us to have a risk-based program due to the efficiencies that the technology provides to the Compliance team.”



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.