GROUP-IB

SUCCESS STORY

GROUP-IB × PAXFUL

Creating the most secure Bitcoin marketplace

About the company

INDUSTRY

FinTech

YEAR FOUNDED

2015

GEOGRAPHY

Offices in Tallinn, New York, Manila. Accessible globally

COMPANY MISSION

To empower the forgotten four billion unbanked and underbanked people to have control of their own money as never before.

Paxful is a people-powered marketplace for money transfers with anyone, anywhere, at any time. The company, founded in 2015, has over 4.5 million customers globally who you can instantly buy and sell bitcoin using over 300 different payment methods.

As part of their mission, Paxful also launched #BuiltWithBitcoin, a social initiative to build 100 schools funded entirely by Bitcoin all across emerging markets. Paxful was co-founded by Ray Youssef, Chief Executive Officer, and Artur Schaback, Chief Operating Officer.

Background

Bitcoin

is more likely to be the subject of fraud including scams related to cloud mining, Bitcoin emails, production, and the digital wallet

Despite being massively popular, cryptocurrencies like Bitcoin are relatively new to the fintech world, meaning that they are more likely to be the subject of fraud, including scams related to cloud mining, Bitcoin emails, production, and the digital wallet. Paxful is well aware of this phenomenon and actively monitors for scam attempts on its platform. Once identified, the scam is eliminated, and any aftermath mitigated.

However, Paxful's own rise in popularity was accompanied by a spike in fraudulent activity. The company could always mitigate fraud after the fact but lacked the necessary resources to prevent fraud before it affected customers.

Why Group-IB

Fingerprint technology

Device fingerprinting detects fraudulent activity from the same device even if browsing history is deleted or other cover-up tools implemented

Detection and prevention of bad bot activity

When it came to finding a solution, there was never a question of choice. Paxful had been aware of Group-IB's leadership in the cybersecurity community and was eager to try its Fraud Protection product. For Paxful, Group-IB Fraud Protection had everything they needed - fingerprinting and API for smooth integration. All for a reasonable price.

It was Group-IB's fingerprinting technology, in particular, that caught Paxful's eye. Device fingerprinting detects fraudulent activity from the same device even if browsing history is deleted or other cover-up tools implemented. A wide range of algorithms analyzes the same set of parameters to provide advanced dynamic analysis. The process identifies malicious activity across separate clients.

These features took Paxful's fraud investigation capabilities to the next level. Before the implementation of Fraud Protection, the company was only able to deal with existing fraud schemes. Now, they can prevent fraud before it ever harms their customers.

In particular, Fraud Protection helps Paxful detect and prevent bad bot activity and highlight requests from high-risk or fraudulent internet service providers (ISPs). The system also identifies requests from virtual machines, since a low-cost method of concealing a real device fingerprint involves creating a virtual machine simulating the device and then deleting it once the fraud is complete.

Paxful also leverages the deep customization of Fraud Protection's rule engine to fill existing security gaps and improve fraud prevention measures.

The power of visual analysis has helped Paxful's anti-fraud and cybersecurity departments visualize the fraud schemes and devices linked with fraudulent accounts, thereby providing deep investigation capabilities. Moreover, the clientless analysis of malware that targets end-user devices maintains user privacy and operational security.

Paxful's experience with the system itself was very good. Initial deployment only took 1.5 months, after which JavaScript started sending information to the Fraud Protection server. Full integration was complete after 6 months. Paxful found working with Group-IB's specialists effortlessly. They were always responsive and helpful and acted quickly when needed.

For Paxful, Group-IB was the perfect solution; we were particularly impressed by the accuracy of Group-IB's device fingerprint technology. The unique technology that easily detects suspicious devices is exactly what we were looking for. Interactive graph visualization tools and strong API create a truly comprehensive experience when it comes to fraud investigation. With reliable and helpful technical support, Group-IB is a well-rounded cybersecurity solution that works for us.

Dmitry Moiseev, Chief Information Security Officer, Paxful

About Group-IB solution

Fraud Protection

effectively detects and prevents dangerous activities through behavior analysis, anomaly detection

Group-IB Fraud Protection is a client-side fraud prevention solution working across sessions, platforms, and devices in real time.

Group-IB Fraud Protection effectively detects and prevents dangerous activities through behavioral analysis, anomaly detection, daily automatic filter rules, and signature updates based on unique data from Group-IB's Threat Intelligence and Digital Forensics Lab. The combination of advanced anti-fraud technologies and intelligence protects both banking and retail customers. Moreover, it helps businesses comply with legal requirements designed to protect funds belonging to individuals and companies against scammers.

Fraud Protection analyzes all sessions and user behavior in both web resources and mobile applications, thereby creating a unique device fingerprint that distinguishes between normal and suspicious devices, all the while helping AML teams identify money laundering networks. If illegitimate activity is detected, Fraud Protection either sends an automatic notification in real time or blocks the fraudulent activity altogether.

The above features make Fraud Protection a reliable solution for effectively preventing cross-channel and cross-bank fraud.

Results

Group-IB Fraud Protection

turned out to be a game-changer for Paxful's business turned out to be a game-changer for Paxful's business.

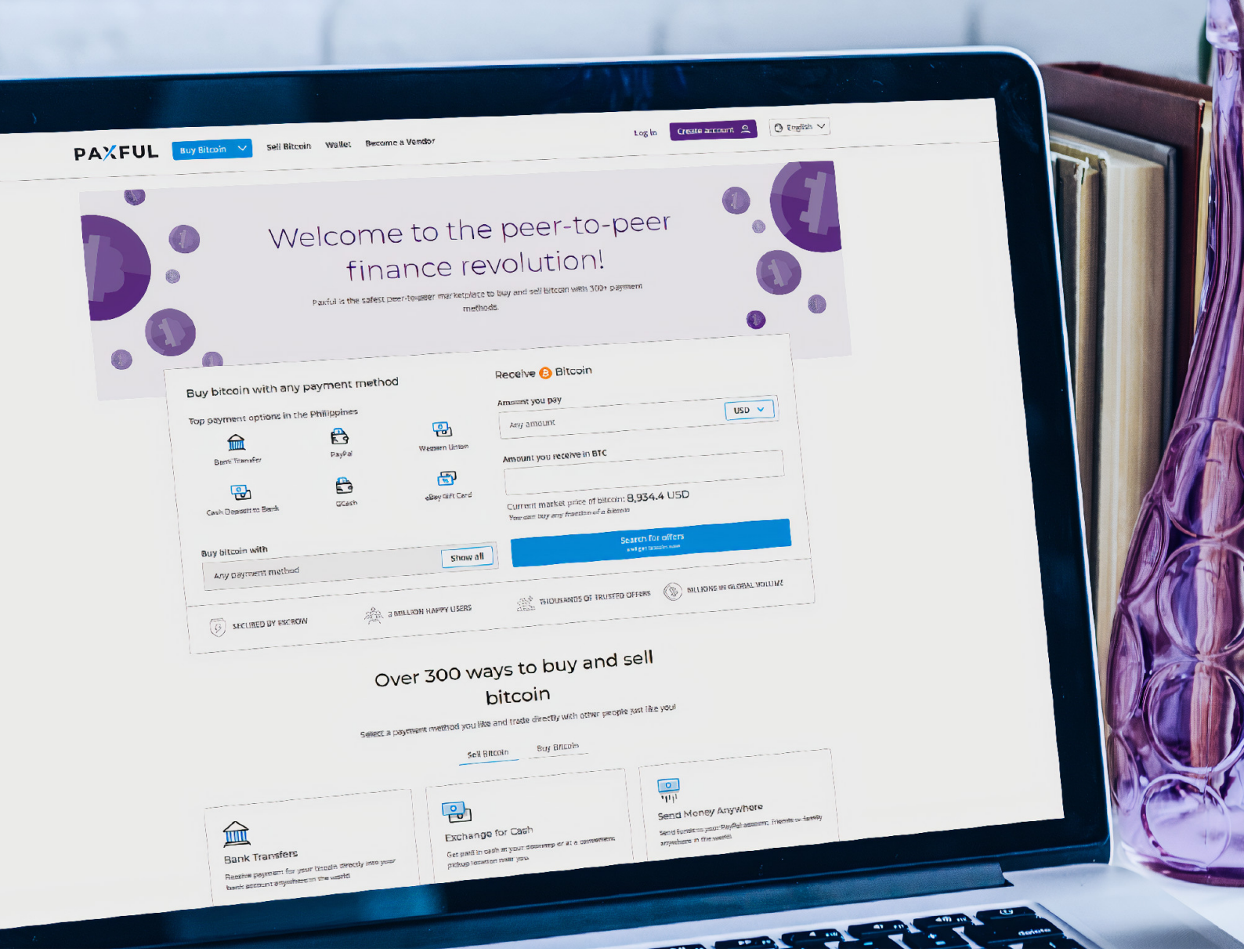
Three departments work with the Fraud Protection interface directly: customer care, compliance, and security. Customer care mostly handles terms of service (TOS) violations, while compliance deals with anti-money laundering (AML) rule violations and security with hacking cases.

All in all, Fraud Protection turned out to be a game-changer for Paxful's business. With both offensive and defensive capabilities in its toolkit, the online platform will be able to better protect their customers' assets and transactions in the future.

In just 2 months, Fraud Protection helped Paxful detect upwards of:

- **100,000** accounts with 3 or more logins from the same device
- **1,200** devices infected with Trojans
- **220,000** bad bot requests

Armed with a new sense of security, customers will more likely recommend the Paxful platform to their friends and peers, resulting in a win-win scenario for all sides.



Aside from device fingerprint technology, Group IB's Fraud Protection tool that detects threats invisible to traditional transactional anti-fraud has helped us massively in investigating cases related to the trade chat phish link scams. The tool worked well to help us identify fraud victims as well as villains and is an overall great tool that backs all our investigations with significant data and interactive graphs.

Dmitry Moiseev, Chief Information Security Officer, Paxful

About Group-IB

Group-IB is a creator of cybersecurity technologies to investigate, prevent and fight digital crime.

1,400+ Successful investigations of high-tech cybercrime cases	**300+** employees	**600+** enterprise customers	**60** countries
$1 bln saved by our client companies through our technologies	**#1*** Incident Response Retainer vendor	**120+** patents and applications	**7** Unique Digital Crime Resistance Centers

* According to Cybersecurity Excellence Awards

Global partnerships

INTERPOL

EUROPOL

AFRIPOL

Recognized by top industry experts

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Aite Novarica

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