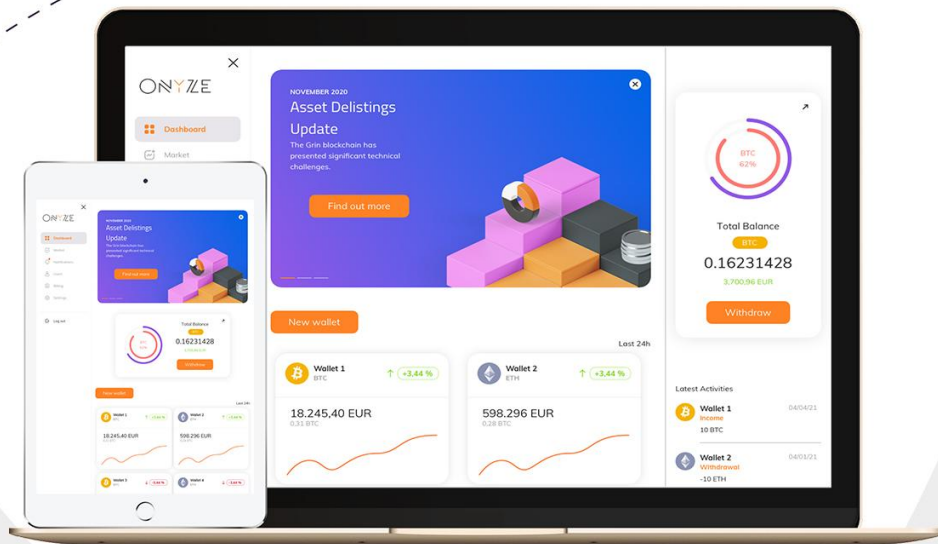


Onyze wins trust from banking clients and prepares for MiCA using Chainalysis



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Company name: Onyze

Type of business: Crypto custody

Chainalysis solutions: Crypto Compliance Solution, Crypto Investigations Solution

HQ/Operating region: Spain

Founded in 2019, Onyze is a crypto custody platform with a mission to help institutions and companies obtain regulated and safe access to the digital assets industry, and take advantage of new opportunities. Onyze was born with the idea of being more than a custodian, and is the first crypto exchange in Spain to serve financial institutions. The company provides Crypto-as-a-Service (CaaS) solutions for businesses entering the crypto asset industry and wallet management solutions for real-world asset tokenization projects.

CHALLENGE

Meet MiCA regulatory standards and better serve financial institutions

Onyze promotes a compliance-by-design culture. In order to meet Spain's AML regulations for providing CaaS solutions to financial institutions, the organization needed to not only understand risk surrounding its own user activity, but convey trust to the banks it would serve, so those organizations could provide the same services to their customers.

To achieve this balancing act requires the right tools, and Onyze was using blockchain analysis solutions that weren't meeting its needs. "It's crucial for banks to understand the risks they're facing in providing crypto custody services to customers at the user, wallet, and blockchain level, as well as the assets being traded," said Enrique Palacios Rojo, Chief Compliance Officer at Onyze. "We didn't have support for the assets we wanted and it took months for the solution provider to implement those."

Additionally, given the EU's passage of The Markets in Crypto Assets Regulation (MiCA) in June 2023, Onyze must now go beyond the traditional regulatory compliance tasks it had been expected to perform.

This meant that Onyze needed to prioritize:

- Innovation and using technological tools that differentiate it in the market.
- Proactive risk assessment for crypto assets that would instill confidence in its banking partners, and build an excellent reputation across the financial sector.

"We have been creating protocols and we've been adopting the highest standard, especially that the banks have, in order to comply with these regulations because we know that the institutional banks will be our future customers," said Palacios Rojo.

SOLUTION

Obtain a broader, more accurate on-chain data set used by regulators

Once the Onyze compliance team tested the Chainalysis Compliance solution, it decided to make the switch. Palacios Rojo says, "We realized Chainalysis provided the most support of crypto assets listed in the market, and personalized technical assistance to quickly implement new assets or features."

In implementing Chainalysis, the Onyze compliance team combined transaction risking tasks with internal systems to detect alerts and behavioral patterns, which helped it reduce some manual processes. Additionally, the way Chainalysis handles risk assessments of crypto addresses helped speed the team's workflow. Whereas some blockchain analysis solutions use a risk indicator that may or may not be accurate over time, Chainalysis provides all the addresses for review, and given its cross-chain capabilities, the compliance team became more confident in the work they were doing.

Palacios Rojo explained that the team trusts the traceability of funds that Chainalysis provides, and can implement controls similar to any financial institution. And because it's critical for Onyze's banking clients to fully understand risks associated with cryptocurrency, it has reassured them to know that Chainalysis is one of the solutions many European regulators use to investigate reported transactions.

That regulators are using Chainalysis has helped Palacios Rojo's team, too. Onyze analysts and regulators are looking at the same data set and speaking the same language, making conversations easier and improving the relationship. It's also reassuring to regulators that the reports Onyze sends them are coming from a trusted provider.

As for onboarding, the Onyze compliance team found that Chainalysis provides good training and integration with its internal system, as well as a dedicated customer service team which Palacios Rojo says makes a difference.

“Based on our experience and after having used some other blockchain analysis tools, Chainalysis is the best in the market when it comes to complying with regulation.”

Enrique Palacios Rojo
Chief Compliance Officer, Onyze

RESULTS

More trust earned from banks and regulators

Since implementing Chainalysis, Onyze has found it helps the company stay more compliant with evolving regulations for a few reasons. First, Palacios Rojo said, “Chainalysis is incredibly fast in updating OFAC's sanctioned wallets and proactive in sharing reports,

webinars, and hosting events that bring the most relevant players to discuss the latest regulation and issues concerning the financial industry.”

Additionally, having access to better data has made the compliance team's periodic due diligence reports more accurate. Analysts spend less time searching for transactions, and because of how Chainalysis visualizes and measures wallet risk, they have been detecting more potentially suspicious activity and filing higher-quality Suspicious Activity Reports (SARs). These reports are more intuitive and comprehensive for third parties to review, and this also helps when it comes time to train new analysts using Chainalysis.

“It's very important for us to have reliability in the data in order to build a report, knowing that what we're presenting is absolutely true before we deliver it to the supervisor,” says Palacios Rojo. He explained this wasn't always the case when using other tools, when regulators would question the source of the data.

The reliability of the data has also instilled trust in Onyze leadership, the banking customers it serves, and its partners. The net effect is that Onyze is building more trust with financial institutions and regulators, and has reduced and mitigated the risk of being sanctioned.

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As for the future, he's most excited about exploring new dimensions for merging the crypto and fiat worlds. He believes there's room in the market for a solution to help with that, and thinks it's possible as Onyze continues to discover new needs for the financial institutions it serves, as well as its own users.



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.