

Innovation and Challenges of Blockchain Analysis

Goal of this session: Discuss current challenges (such as the limitations of client education and forensic approaches) and potential solutions, and the role of the BGIN to create a document in IKP WG

1. Introduction and Overview

- Topic: Understanding the FATF Requirements for Virtual Asset Service Providers (VASPs)
- Description: A look into the Travel Rule compliance requirements for VASPs and the role of blockchain analytics firms in helping detect and monitor suspicious transactions.

2. Role of Blockchain Analytics Firms and Client Knowledge

- Topic: Assessing the Level of Blockchain Knowledge among Clients
- Discussion points:
 - How well-equipped are clients in interpreting blockchain analytics, as the ultimate decision to flag and investigate suspicious activities lies with them?
 - Do blockchain analytics firms have the need to understand the specific regulatory and enforcement needs of their clients?
 - What approaches are being taken to enhance client education on blockchain analysis? What can BGIN help such education?

3. Two Key Approaches in Blockchain Analysis

- Topic: Evidence Gathering vs. Proactive Detection
- Discussion points:
 - Exploring the two main types of blockchain analysis: evidence gathering for already identified suspicious transactions and proactive detection from scratch.
 - Are there any new methodologies or tools being developed for the latter?

4. Challenges with advanced technology

- Topic: Overcoming the Limits of Blockchain Analysis
- Discussion points:
 - Presentation by Solidus Lab
 - What makes blockchain analysis more challenging?
 - self-custodial wallets
 - off-chain transactions (definition of “off-chain”)
 - privacy-enhancing technologies
 - What strategies are analytics firms implementing to address these challenges?
 - What alternative measures could be considered for effective crime enforcement?

5. Coverage of Blockchain Analytics

- Topic: Data Management and the Coverage of Blockchain Analytics Firms
- Discussion points:
 - How do these firms manage client data?
 - Challenges in proving the reliability of their analyses