

Bitforex—The Biggest Wash Trading Crypto Exchange in the World

An analysis of the fraudulent and underhanded wash trading practices of the Bitforex cryptocurrency exchange

UNITED KINGDOM, February 25, 2019 /EINPresswire.com/ -- When it comes to cryptocurrency exchanges there are some well established names in the industry. The likes of Binance, Kraken and Bitfinex are known throughout the crypto industry and favored by crypto enthusiasts and traders. During the ICO rush of late 2017 into early 2018, these are the exchanges which token holders demanded ICO projects get listed on in order to boost liquidity and coin price. However, this is easier said than done as many exchanges charged thousands of dollars for a coin to be listed.

Given the high costs associated with listing on exchanges then an ICO project must determine if an exchange is worth it by looking at the trading volume on the exchange among other things. Along with a rise in the number of ICOs, 2018 also saw a rise in the number of cryptocurrency exchanges. With many already established exchanges out there, many of these new exchanges began to utilize what is known as “wash trading” in order to artificially boost their volume. Wash trading is the practice of using a bot to buy and sell assets on an exchange in order to inflate the volume. Wash trading creates a false sense of demand which makes it seem as though the exchange is very popular and worthwhile. Through this practice, some exchanges are able to lure ICO projects and customers by misleading the market. One of the greatest perpetrators of this is [Bitforex](#), an exchange which proclaims themselves as the “world’s leading digital asset trading platform” but in reality fakes around 93% of their volume. Their daily trading volume on January 29th at 9pm UTC was \$242,127,027 meaning that only about \$16,948,891 of that is real!

REPORT

In a recent report by the [Blockchain Transparency Institute \(BTI\)](#) published in December, it was found that quite a few of the exchanges listed in the CMC Top 25 had fake volume. Not surprisingly, Bitforex was one of these exchanges with only 7% of their reported volume being deemed authentic. The rest of the volume is fake volume created through wash trading.

HOW DOES BITFOREX BENEFIT & CREATE DAMAGE IN THE CRYPTO ECOSYSTEM

- 1) Bitforex tricks projects into listing on their exchange and charges them a 10 BTC listing fee. They do this by providing false trading volume and a fake legal entity. Unsuspecting crypto projects believe they are listing on a top reputable exchange which will please their token holders, but instead, they are simply giving away precious funds.
- 2) Bitforex uses this high fake trading volume to lure unsuspecting customers by making them believe that they are a top exchange. However with their fake volume that isn't the case. Bitforex then makes money on these additional customers with the fees they charge for activity on the exchange.

CMC Data

The most trusted source for verifying the price of a token or the volume on an exchange is

CoinMarketCap.com (CMC). CMC Data for exchanges is shown as reported volume and adjusted volume. Adjusted volume is meant to reduce the instances of fake volume being reported, but if the report from BTI is any indication, CMC has not been very effective in stamping out fake volume.

Comparing Bitforex to more well-regarded exchanges such as Bitfinex we can see that Bitforex appears to have roughly twice the daily trading volume of Bitfinex.

More details about the wash trading practices of the Bitforex exchange, including images and video evidence can be found in this report here: <https://medium.com/@sallyalexon/bitforex-the-biggest-wash-trading-exchange-in-the-world-8245e9ca910a>

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