

Iranian crypto exchange benchmark

An innovative method to evaluate the quality of crypto exchanges

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In this research, we analyzed four major Iranian Crypto exchanges in regards to a variety of metrics. From operational performances to the level of security they provide, we tried to deploy all possible insights including qualitative and quantitative metrics to better evaluate the quality of trading platforms.

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Introduction

For the first time in Iran, we in Coiniran conducted a research project to evaluate Iran-based crypto exchanges. The fact that Iran is among the young and most academically educated countries of the world, plus economic instability and American Financial sanctions, makes Iran an important Market for mining and trading activities. Crypto interests are rising in the country, and hundreds of thousands of citizens hold some sort of cryptocurrencies. Unlike almost all countries of the world, crypto users in Iran cannot use global exchanges for their trading activities.

In 2017, Bittrex deactivated its Iranian users' accounts. Although later in 2019, the American exchange gave the frozen assets back to its Iranian users. The harm was as tremendous as the market crashed, and the users could not manage the portfolios. Bittrex was not the only platform that suspended Iranian accounts. In May 2019, peer-to-peer cryptocurrency exchange LocalBitcoins banded users living in Iran. Since then, almost all spot exchanges worldwide are not willing to provide financial services for people living in Iran.

The Impossibility of working with global exchanges plus the growing rate of people investing in digital assets provide a good situation for the spring of local crypto exchanges. Today several local platforms are hosting millions of dollars of Iranian funds. These intensify the necessity of creating a well-designed framework for analyzing Exchanges locally. This is through competition and transparency that a market improves. We strongly believe this research will increase competition among exchanges and help users better choose their trading platforms.

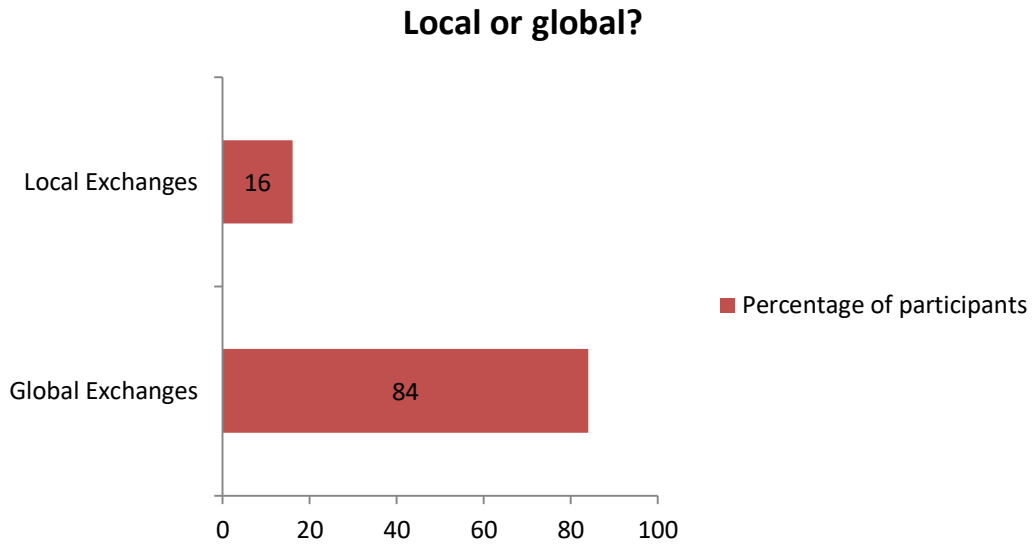
As a result, the first Iranian crypto exchange benchmark reveals in a time when a lack of a protection bill and diversity of trading platforms concern the Iran Crypto community. In this research, we analyzed four major Iranian Crypto exchanges in regards to a variety of metrics. From operational performances to the level of security they provide, we tried to deploy all possible insights, including qualitative and quantitative metrics, to better evaluate trading platforms' quality. We chose four exchanges because we do believe that not all trading platforms are deserved to be called crypto exchanges.

At first glance, one may say that the bigger the exchange volume is, the better the quality of its services. In this study, we assumed that there are some other metrics besides trading volume, which can help us better evaluate exchanges' quality. There is no doubt that trading volumes and liquidity can be easily manipulated. Regarding that, we tried to assess all Exchanges based on the quality and trust in their services. Thus, we designed 60 different metrics that fall into ten main categories. From analyzing user experience to each service's security level, we tried to consider all possible insights that can help us examine the values of each platform more accurately.

We think this research will help Exchanges and their users as Exchanges can understand industry trends and competitive parity areas. Users would identify the best venues for their risk appetite. It can also be beneficial for big investors to assess opportunities and risks in the Crypto asset market and Regulators who are looking to develop new policies.

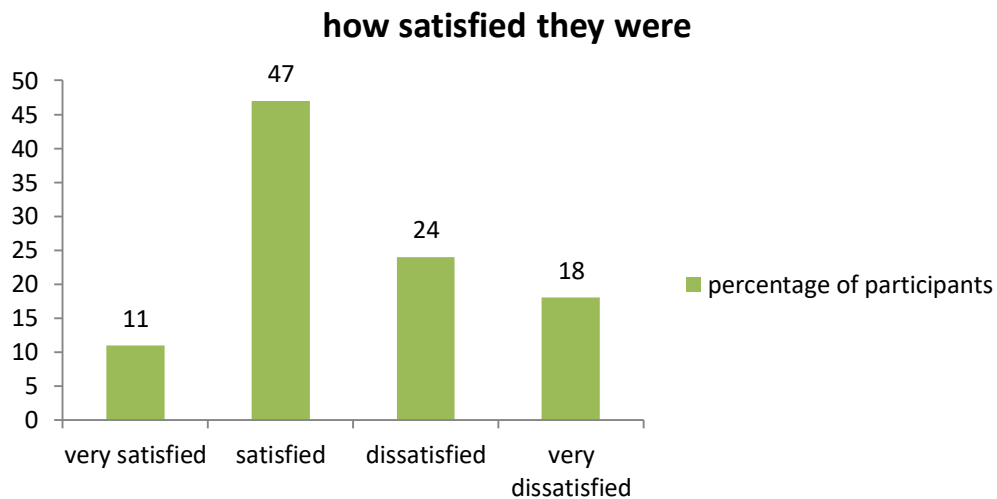
Discussions

We conducted several surveys to understand what percentage of our audiences uses local exchanges and how trading looks like on these platforms during the study.



The result shows that only 16 percent of our audiences use Iranian exchanges. Despite all financial limitations, it seems that most Iranian users tend to use global Exchanges.

Then we asked how satisfied they are with local trading platforms.

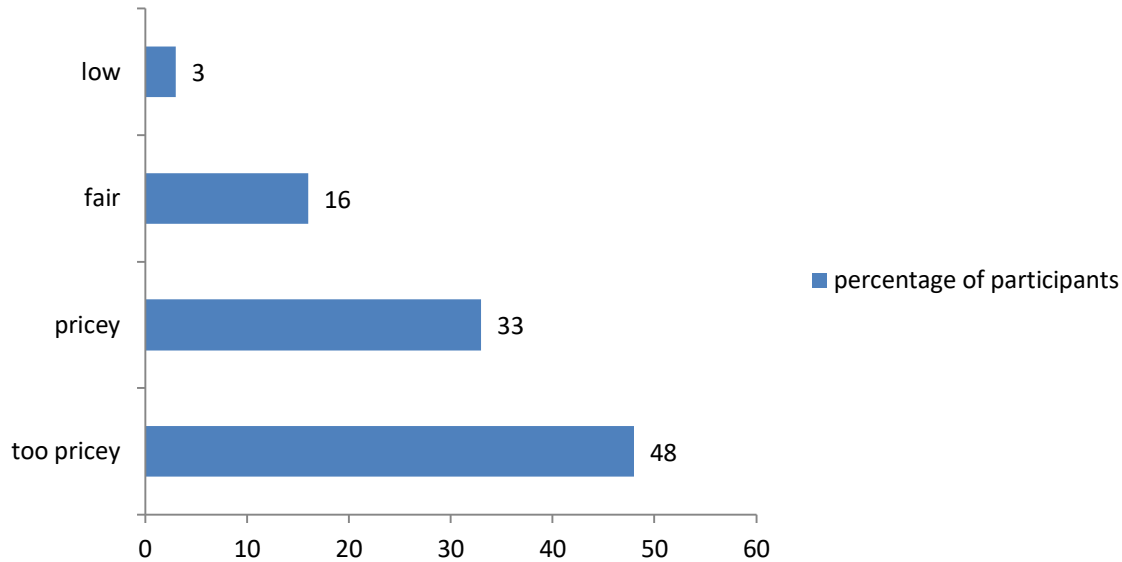


Although most of the participants were satisfied with local exchanges, 18 percent of them were very dissatisfied.

We continued our study to figure out the reason why most Iranians use global exchanges. In another survey, we understood that the costs of trading in Iranian platforms are why some participants are not

satisfied with their experiences. The graph below presents how our audiences find the costs of trading in local exchanges.

How participants evaluated costs of trading



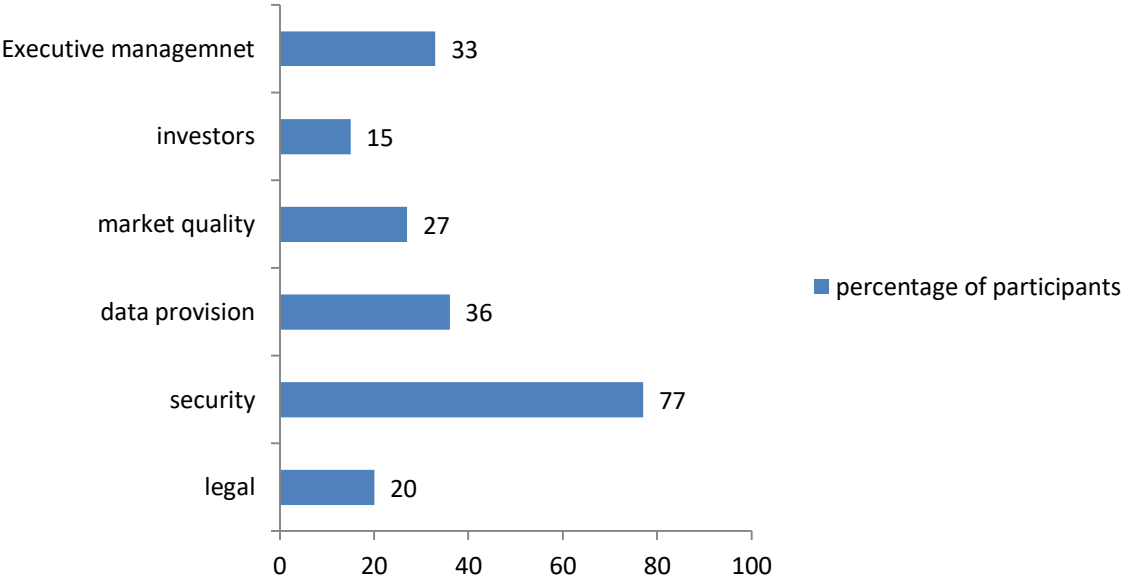
The result proved our previous assumptions. Eighty-one percent of participants thought that trading in these platforms is pricey. We believe this could be the main reason why most of Iranian users prefer to work with global exchanges.

Volumes and liquidity can be easily manipulated by exchanges. We developed ten different metrics along with volume and liquidity to produce a more reliable assessment of local Exchanges. We developed our metrics based on the works of past studies and our researcher experiences. To use our audience's insights in our evaluation, we conducted another survey in which we tried to determine subsequent weightings of our primary metrics.

In This survey, we put our main metrics into different items and asked our participants to choose what is more important. Our participants were able to select multiple items. The following graph represents the distribution of the participant's answers.

The result shows that security and the exchange market's quality are the most critical concerns of Iranian users.

what was more important to them?



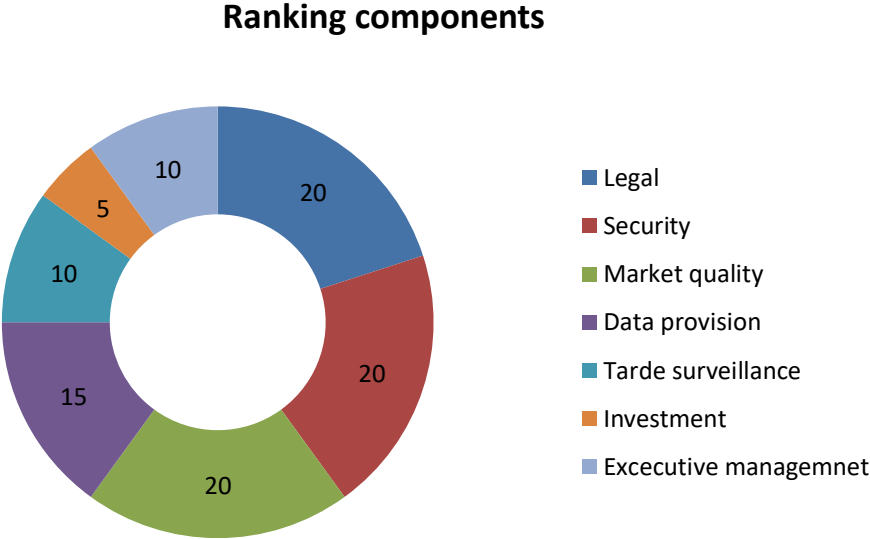
Methodology overview

Our first designed exchange Benchmark is backed by hundreds of research hours. We try to adopt an innovative methodology to analyze exchanges through a combination of 60 different qualitative and quantitative metrics without using volumes directly. We assign each Exchange a grade (A*, A, B*, B...) based on its total cumulative score out of 100. We believe this will help identify the most reliable exchanges in the industry.

Each metric is converted into a series of points based on clearly defined criteria. To ensure not one metric over influences the overall ranking, Metrics were categorized into ten buckets and distributed relatively to arrive at a final score.

We use various resources to collect data accurately, including the World Bank, transparency international, LinkedIn, and GitHub, Exchanges websites, and company’s houses and media websites. We appreciate that specific data points might be incomplete due to a lack of public availability. Still, we have made our best effort to collect more trustable data.

The overall ranking consists of the following components and subsequent weightings.



The Maximum score here is 100, but there are also three additional criteria where exchanges may lose five or gain ten extra scores subject to the following table.

Component	weight
User experience	10
Negative reports	-5
Incentives	Independent

At the end, we grade all exchanges based on their accumulative scores and the table below.

Threshold	Grade
Above 80	A⁺
70-80	A
60-70	B⁺
50-60	B
40-50	C
30-40	D
20-30	E
<20	F

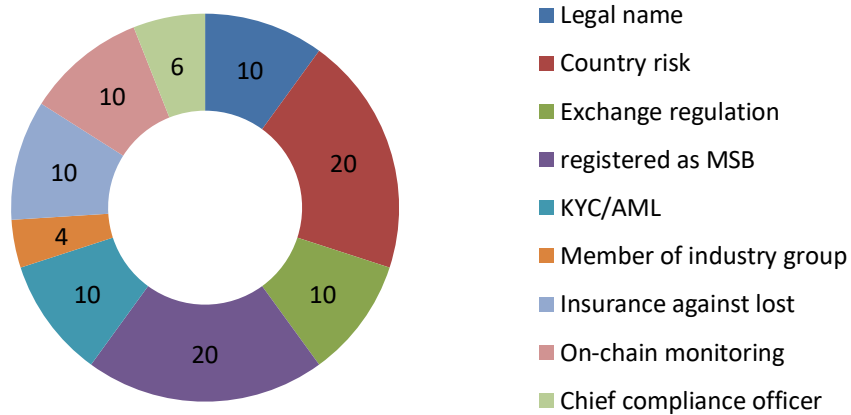
Result

All of our components consist of several metrics. In this section, you will find all these metrics and the result of our study for Iranian Crypto exchanges.

Legal

Our first insight is Legal. We developed nine different metrics better to examine exchanges in terms of their legal compatibility. The Graph below shows our legal metrics and their subsequent weightings.

Legal metrics



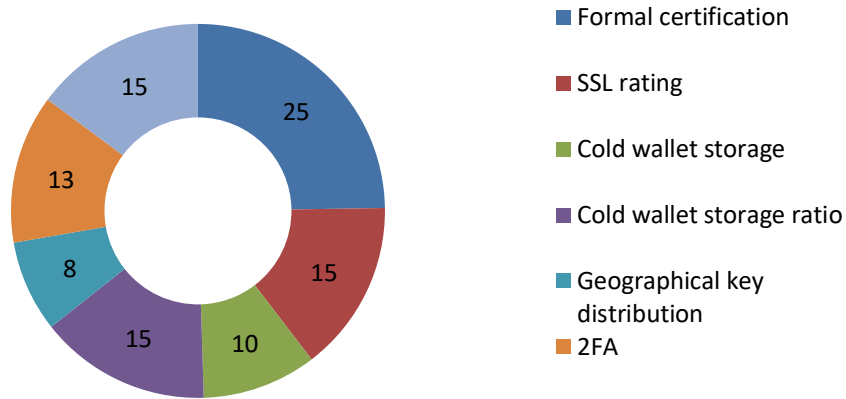
Here is the result of our study for these four exchanges.

Exchange	Score	Maximum Score
Nobitex	8.32	20
Wallex	7.92	20
Exir	7.92	20
Ramzinex	6.52	20

Security

Security breaches on crypto exchanges are alarmingly common. Exchanges are key targets for hacking attacks. To evaluate the level of security Exchanges provide for their users, a series of different metrics were developed. Here you can see our high-level security metrics and their weight coefficient.

Security metrics



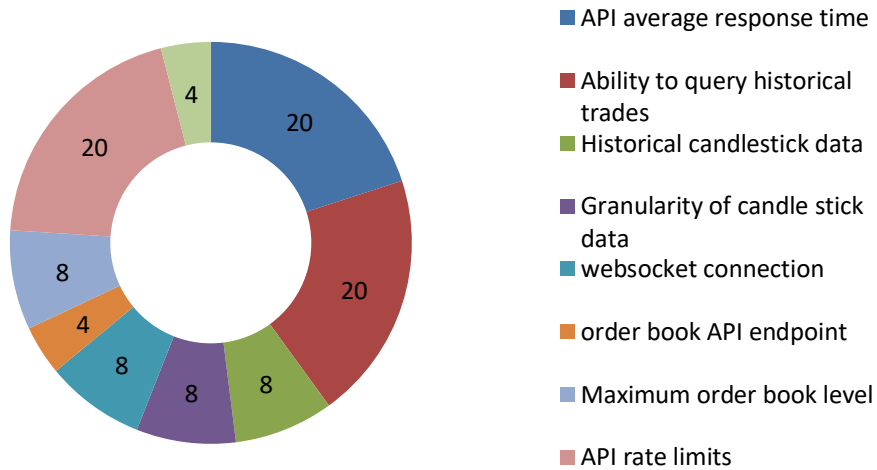
This is the result of our study for Iranian exchanges.

Exchange	Score	Maximum Score
Nobitex	11.55	20
Exir	11.5	20
Wallex	10.9	20
Ramzinex	9.652	20

Data provision

An application programming (API) is a computing interface that defines interactions between multiple software intermediaries. For crypto trading, an API allows you to connect with your exchange and access real-time market data. We developed nine metrics better to analyze the quality of the API of each Exchange.

Data provision metrics



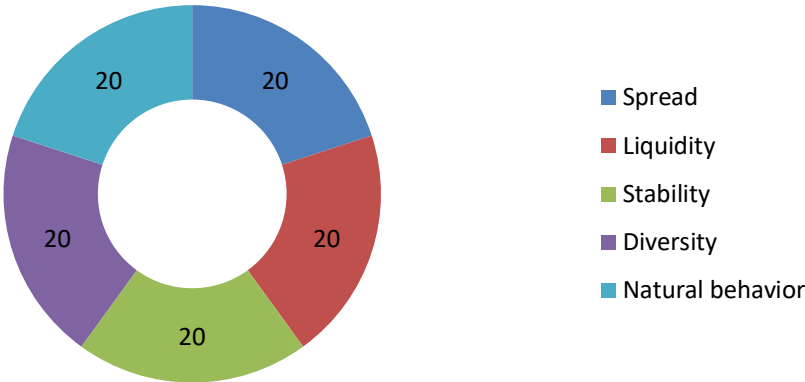
Here is the result of our investigation.

Exchange	Score	Maximum Score
Exir	9.6	15
Nobitex	6.9	15
Wallex	6	15
Ramzinex	5.7	15

Market quality

In order to provide a representative picture of what trading looks like in these exchanges, five different metrics were developed. Our try here is to identify exchanges that behave differently from the expected normal.

Market quality metrics



And the result is as follow.

Exchange	Score	Maximum Score
Nobitex	18	20
Wallex	16.4	20
Ramzinex	15.46	20
Exir	15.19	20

Tarde and investment

Exchanges may use the services of trade surveillance providers to monitor suspicious activities. We believe that these exchanges are more transparent and able to identify any illegal trading. Moreover, some Exchanges may have some big companies as their financial investors. This section assumes that these exchanges have more resources to develop and improve their financial products. In the first table, you can see how we score exchanges based on their trade monitoring mechanism.

Category	Weight coefficient
External trade surveillance	66
Internal trade surveillance	37

And in the second table, you see how different types of investors are important for our study.

Category	Weight coefficient
Banks and financial institutions	66
Small firms and corporations	37

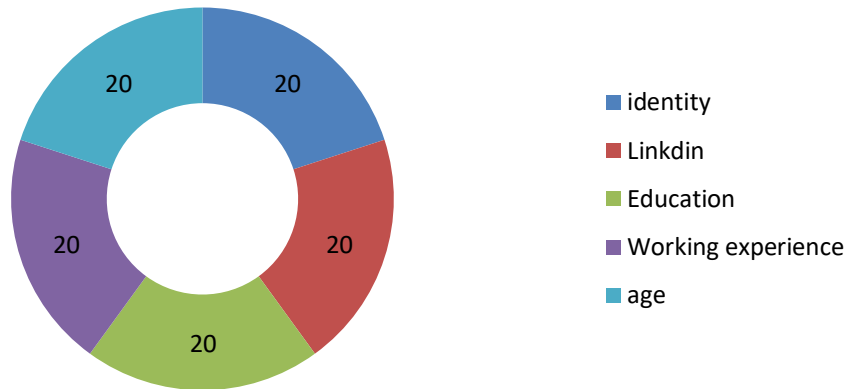
Finally here you can find the result of the analysis for these criteria.

Exchange	Score	Maximum Score
Nobitex	2	15
Wallex	2	15
Ramzinex	0	15
Exir	0	15

Executive management

The quality of the executive management team and their transparency level can bring us to understand how well an exchange is managed. We developed five metrics and analyzed all Exchanges based on the assumption that the more transparent and experienced/educated and exchange's executive team is, the higher its quality.

Excecutive managemnet metrics



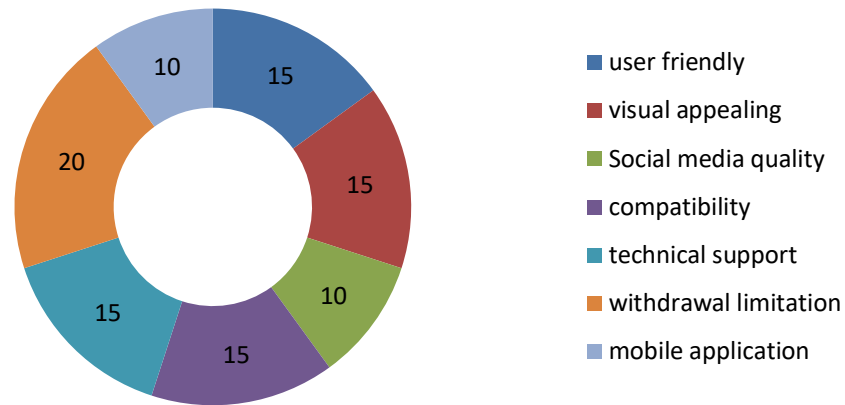
And the result is as follows.

Exchange	Score	Maximum Score
Exir	8.33	10
Wallex	8	10
Nobitex	6.66	10
Ramzinex	6	10

User experience

The User experience here is a user emotion and attitudes about working with one Exchange's platform. It generally includes users' perceptions of systems aspects such as utility, ease of use, and efficiency. We designed seven metrics to evaluate better the quality of working with these platforms.

User experience metrics



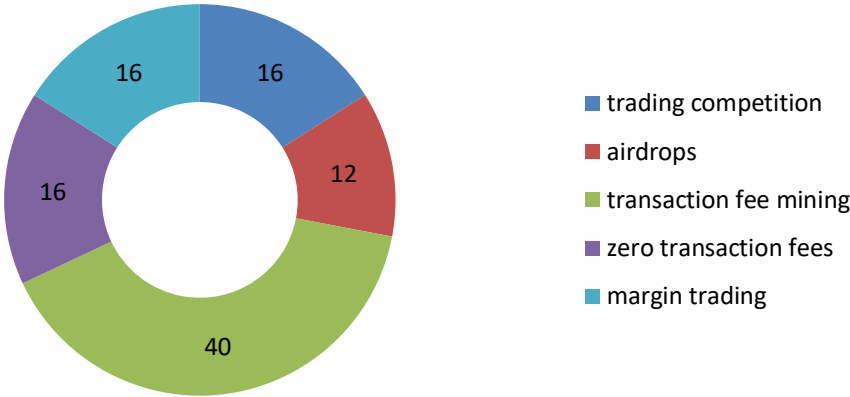
And in this section we score all exchanges based on the accumulative score they acquire.

Exchange	Score	Maximum Score
Exir	7.775	10
Nobitex	7.75	10
Ramzinex	7.42	10
Wallex	7.35	10

Incentives

Exchanges implement various incentive schemes to attract more users or raising the profile of the Exchange. We believe that any incentive scheme's presence does not necessarily imply a lower or higher quality exchange. As a result, we provide an independent ranking for trading incentives.

Incentive metrics



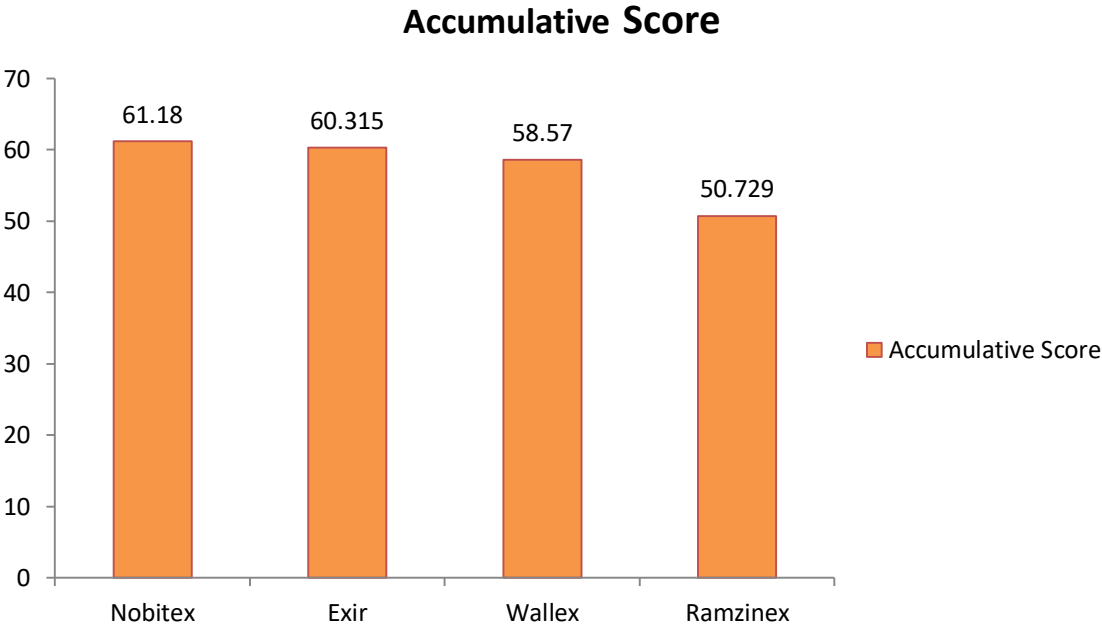
And our independent ranking for the incentive scheme exchanges offer is as follow.

Exchange	Score	Maximum Score
Exir	8	25
Nobitex	7.5	25
Ramzinex	7	25
Wallex	6	25

Final ranking

In the end, we grade all exchanges based on their accumulative scores. In this study, 80 different metrics fall into ten main categories to produce a more reliable assessment. All metrics were studied independently as we believed not one metric, like volume or liquidity, can qualify one exchange. We think this research will help Exchanges and their users as Exchanges can understand industry trends and competitive parity areas. Users would identify the best venue for their risk appetite.

Exchanges	Grade	Score	Maximum Score
Nobitex	B ⁺	61.18	100
Exir	B ⁺	60.315	100
Wallex	B	58.57	100
Ramzinex	B	50.729	100



Last words

Coiniran aims to update this Exchange Benchmark regularly. The research team hopes to have your criticism and recommendations. We believe your suggestions will help us to continue to improve the quality of our investigations.

Please ask your questions and share your opinions with the head of the research team:

Salli@coiniran.com

If you are an exchange and want to be evaluated and then placed in our ranking send your request to

Support@coiniran.com