LBANK REVIEW

LBANK

CER

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www.cryptoexchangeranks.com

GENERAL INFORMATION

LBank is a Hong-Kong based crypto exchange focused mainly on the Chinese, the US   and Brazilian market. The exchange is ranked 12th by Coin Market Cap with $237.5 mln 24h trade volume (for October 22).

#	Currency	Pair	Volume (24h)	Price	Volume (%)
1	Qtum	QTUM/BTC	$58 489 441	$4,41	24,62%
2	Zcash	ZEC/ETH	$37 980 012	$124,09	15,99%
3	Qtum	QTUM/ETH	$35 291 435	$4,40	14,85%
4	Bitcoin	BTC/USDT	$31 371 343	$6 536,50	13,20%
5	Qtum	QTUM/USDT	$15 285 591	$4,40	6,43%
6	EOS	EOS/ETH	$11 151 105	$5,48	4,69%
7	Zcash	ZEC/BTC	$7 009 566	$123,09	2,95%
8	Ethereum	ETH/BTC	$5 727 777	$205,87	2,41%
9	Primas	PST/ETH	$4 029 113	$0,219626	1,70%
10	Zcash	ZEC/USDT	$3 719 674	$123,03	1,57%
		View More			
Total			$237 575 912		

Fig 1. (LBank's CoinMarketCap profile for October 22)

THE PLATFORM LAUNCH DATE CONTROVERCITY

The date of the platform's launch is a kind of riddle as there is controversial information that can be found even on the exchange's site. So, the first version is October 2016 (English site version) sustained by company description in official Twitter and Medium accounts and the second one is October 2017, which is more likely to be true. The following facts speak in favor of the second version: Twitter account registration date (Sep 2017), domain registration date (Sep 21, 2017), and the earliest trade history beginning in Sep 2017. Thus, the exchange's English website version and description of the company in official social media accounts give misleading information for some reason.

TEAM

Unfortunately, there is almost no public information regarding the LBank's team. There is only a mention of Eric He, the co-founder of the exchange, in the official Medium blog post but no further information was found about him or other staff members. We assume that more information could be available in the Chinese segment of the web. We managed to spot only one more person referenced to the exchange — Claudia Olah, whose LinkedIn profile states that she works as director of global marketing for RadarWin Investment Management Co. Ltd. (established in 2015 and located in Shanghai, China). It's a company investing in hi-tech and blockchain projects including DAEX.io and LBank exchanges (see fig 2).

Director of Global Marketing, Head of International BD

Radarwin Investment Management (DAEX Blockchain & LBank Exchange)

Sep 2018 – Present · 2 mos
Shanghai City, China

Radarwin Blockchain Portfolio

DAEX (Digital Assets Exchange) is a distributed digital asset clearing ecosystem built using a blockchain-based multi-asset clearing and settlement protocol.

LBank Exchange is a China-based top 10 digital asset exchange on CoinMarketCap with a focus on Asia markets that supports a large myriad of cryptocurrencies globally. See less

Fig 2. (Claudia Olah Linkedin profile)

FIAT PAYMENT DETAILS, MARKETS, KYC&AML, APPLICATIONS

LBank offers to bind to user account the following fiat payment methods: bank card, Alipay and WeChat payment. These options are available only after completed account verification and additional "asset password" set.

While not offering fiat-to-crypto trading, the exchange allows to buy/sell crypto for CNY and USD via peer-to-peer OTC feature. Besides, the platform provides crypto trading in 119 pairs in 5 markets:

1. BTC – 23 pairs
2. USDT – 16 pairs
3. ETH – 68 pairs
4. QTUM – 8 pairs
5. LBCN – 4 pairs

• Trade fees are 0.1% for both makers and takers, except LBCN market, where trade fees are 0%.
• The exchange launched its own kind of "stablecoin" LBCN, claimed to be 1:1 backed by CNY and additionally 20% pledged by BTC.
• It's important to note that LBank has KYC and AML policies and doesn't provide services for US citizens due to regulatory hurdles.
• The platform offers to lock up rewards of 8-20% for various coins and different time periods.
• The exchange has mobile applications for Android and iOS as well as a desktop app for Windows.

LIQUIDITY REVIEW: SUSPICIOUSLY STABLE TRADE VOLUME, TRADE VOLUME & PRICE INCONSISTENCIES, ORDERBOOK MANIPULATIONS

For liquidity check of the LBank exchange, we reviewed 6 most active pairs accounting for 70-80% of exchange's total 24h trade volume: BTC/USDT, QTUM/BTC, QTUM/ETH, QTUM/US-DT, EOS/ETH, ZEC/ETH. Let's have a look at some daily charts.22).

Fig 3. (BTC/USDT daily chart March-July 2018)

Fig 4. (QTUM/BTC daily chart Nov 2017 – Jul 2018)

Fig 5. (QTUM/ETH daily chart Nov 2017 – Jul 2018)

Fig 6. (QTUM/USDT daily chart March-July 2018)

Fig 7. (ZEC/ETH daily chart Nov 2017 – Jul 2018)

Fig 8. (EOS/ETH daily chart March-July 2018)

The daily charts for all 6 pairs have different periods of the suspiciously stable trade volume until the middle of July 2018. The same volume stability is clearly visible on the smaller time-frames as well (see figs 9-14).

Fig 9. (BTC/USDT hourly chart May-July 2018)

Fig 10. (QTUM/BTC hourly chart May-July 2018)

Fig 11. (QTUM/ETH hourly chart May-July 2018)

Fig 12. (QTUM/USDT hourly chart May-July 2018)

Fig 13. (ZEC/ETH hourly chart May-July 2018)

Fig 14. (EOS/ETH hourly chart May-July 2018)

Such volume performance on daily and hourly charts given above suggest of its artificial nature. Most likely the volume was tailored to create a false appearance of high liquidity. Starting from the middle of July 2018, the picture has changed, and daily volume values have become more variable. Moreover, it jumped significantly for all observed pairs, especially for QTUM/USDT, EOS/ETH, and ZEC/ETH (see figs 15-17).

Fig 15. (QTUM/USDT daily chart)

Fig 16. (EOS/ETH daily chart)

Fig 17. (ZEC/ETH daily chart)

Besides, there are many inconsistencies between price moves and trade volume perfor-mance. Under normal market conditions, trade volume rises along with sharp price jump or decline, but LBank's charts often show low volume during the period of high volatility and large volume spikes in less volatile periods.

Fig 18. (BTC/USDT 15-minutes chart)

Fig 19. (BTC/USDT 15-minutes chart)

Moreover, trade volume often seems to lag behind the price move. It also points to the fact that there is a trade volume manipulation.

Fig 20. (QTUM/BTC 5-minutes chart)

Fig 21. (QTUM/ETH 5-minutes chart)

Fig 22. (ZEC/ETH 5-minutes chart)

Fig 23. (QTUM/USDT 5-minutes chart)

Figs 20-23 feature charts of QTUM/BTC, QTUM/ETH and ZEC/ETH, as well as QTUM/USDT, showing the trade volume remaining steady during the 30 minutes long 10% price move and rising in tens and even hundreds of times only after the price reaches its peak and starts stabilizing.

Observation of the orderbooks and trade histories of selected 6 most active pairs showed that trading activity is most likely artificially randomized. Transactions never hit ask or bid but print at random prices within the spread. Their periodicity, and especially amounts, seems to be intentionally randomized as well (see figs 24-29).

Time	Price	Amount
16:57:03	6529.29	2.7476
16:57:16	6529.16	0.07
16:56:07	6529.08	2.4572
16:56:05	6529.35	0.1
16:55:44	6535.23	2.0283
16:55:25	6531.25	0.9534
16:55:16	6530.61	1.2203
16:54:56	6536.28	0.0064
16:54:05	6535.09	0.567
16:53:40	6535.52	1.3655
16:52:57	6532.13	0.5352
16:52:26	6535.74	2.5268
16:52:23	6534.90	1.1396
16:52:08	6535.39	1.4777
16:51:50	6533.07	1.2039
16:51:35	6534.55	1.2805
16:51:07	6531.78	0.8125
16:50:42	6536.91	1.9404
16:50:25	6532.27	2.5447
16:49:54	6533.10	0.3283
16:49:36	6532.08	1.5806
16:49:35	6537.56	0.0187
16:49:20	6536.74	0.5991
16:49:06	6534.97	1.3157
16:49:02	6532.97	0.4484
16:48:15	6533.39	0.5076
16:48:08	6532.88	1.2341
16:47:10	6532.44	0.6013
16:47:08	6532.94	4.1393
16:46:57	6529.35	1.2249
16:45:55	6533.65	1.8191
16:45:50	6529.42	2.5032
16:45:49	6532.73	1.3204
16:45:42	6533.65	1.7426
16:45:28	6533.65	3.0343
16:45:13	6533.65	0.8848
16:45:06	6533.63	2.5818
16:44:57	6529.87	4.018
16:44:51	6532.29	2.0639
16:44:43	6533.36	2.6604
16:44:32	6533.26	1.6263
16:44:30	6534.28	0.0755
16:44:30	6534.28	0.0086

Time	Price	Amount
17:28:05	0.02127500	115.6753
17:27:56	0.02124300	126.5486
17:27:21	0.02125200	110.8352
17:27:02	0.02127200	34.0688
17:26:55	0.02129800	78.0828
17:26:40	0.02128100	51.9306
17:25:53	0.02122100	136.4267
17:25:31	0.02125000	48.2696
17:25:09	0.02122500	141.1268
17:24:35	0.02120300	115.1279
17:24:12	0.02125900	116.0116
17:24:06	0.02123500	31.2371
17:23:58	0.02124600	140.032
17:23:35	0.02123100	94.2711
17:23:18	0.02124900	145.9343
17:22:02	0.02125900	547.544
17:21:57	0.02125500	332.4811
17:21:51	0.02127000	187.4635
17:21:41	0.02122900	415.3264
17:21:24	0.02124800	435.0142
17:21:20	0.02123200	645.2456
17:21:06	0.02131000	749.8517
17:21:03	0.02128000	389.9953
17:20:47	0.02127400	323.2312
17:20:30	0.02127500	559.5472
17:20:20	0.02132000	629.1747
17:20:02	0.02129400	806.1304
17:19:32	0.02122600	365.5013
17:19:09	0.02125700	433.6563
17:18:41	0.02130600	684.3016
17:18:17	0.02124300	911.8987
17:17:47	0.02126500	214.6453
17:16:54	0.02123600	714.7265
17:16:48	0.02123800	1.23K
17:16:09	0.02131100	559.1614
17:16:02	0.02125500	1.10K
17:15:21	0.02131900	646.2647
17:14:48	0.02127700	1.15K
17:14:23	0.02128100	405.2604
17:13:57	0.02132400	1.09K
17:13:34	0.02126500	603.1882
17:13:29	0.02127700	373.0983
17:13:16	0.02128900	445.1125

Time	Price	Amount
16:17:46	0.00066900	98.6287
16:17:18	0.00066400	113.1057
16:17:00	0.00066300	316.4288
16:16:29	0.00067000	271.5254
16:16:13	0.00066600	2.50K
16:16:00	0.00066700	1.52K
16:15:53	0.00066600	1.92K
16:15:12	0.00066800	859.755
16:15:03	0.00067000	3.46K
16:14:37	0.00067100	4.85K
16:14:30	0.00067100	5.17K
16:14:21	0.00066900	1.87K
16:14:05	0.00066600	4.13K
16:13:48	0.00067100	719.1102
16:13:32	0.00066700	3.94K
16:13:12	0.00066900	3.24K
16:12:56	0.00067200	3.22K
16:12:26	0.00066800	1.47K
16:12:08	0.00067400	2.00K
16:11:58	0.00066900	2.73K
16:11:49	0.00067000	4.69K
16:11:30	0.00067600	2.70K
16:11:22	0.00067400	4.94K
16:11:11	0.00067200	2.70K
16:10:27	0.00067000	136.6127
16:10:03	0.00067200	213.1748
16:09:32	0.00067700	210.7361
16:09:10	0.00067700	207.8061
16:09:02	0.00067100	209.2308
16:08:36	0.00067200	115.1499
16:08:23	0.00067000	166.7306
16:08:11	0.00067500	133.3368
16:07:31	0.00067300	108.9646
16:06:57	0.00067300	103.5826
16:06:45	0.00067600	234.4381
16:05:30	0.00067500	133.5889
16:05:13	0.00067300	381.0965
16:04:54	0.00067600	444.157
16:04:47	0.00067700	673.0242
16:04:17	0.00067400	236.1598
16:04:11	0.00068000	268.8176
16:03:52	0.00067700	633.766
16:03:39	0.00068100	539.8185

Fig. 24, 25, 26 (Trade histories for BTC/USDT, QTUM/ETH, QTUM/BTC)

Time	Price	Amount
13:14:14	4.2900	342.1355
13:13:53	4.3300	323.8464
13:13:34	4.3100	294.9013
13:13:16	4.3100	316.544
13:12:59	4.3200	276.2627
13:12:36	4.3100	102.8184
13:12:30	4.3100	573.0158
13:12:04	4.3100	84.5637
13:11:33	4.3000	248.5291
13:10:54	4.3200	406.4993
13:10:08	4.3200	647.3516
13:09:54	4.3100	112.0691
13:09:21	4.3100	175.5327
13:08:58	4.2800	61.1272
13:08:55	4.3000	257.5012
13:08:50	4.3100	204.1292
13:08:47	4.3100	347.6885
13:08:40	4.3100	360.6799
13:08:19	4.3100	254.1225
13:07:48	4.3000	312.2316
13:07:32	4.3000	120.2879
13:07:09	4.3100	197.1369
13:06:34	4.3100	236.232
13:05:55	4.3100	79.0239
13:05:32	4.3000	255.4708
13:05:10	4.3300	144.0604
13:04:55	4.3000	221.959
13:04:41	4.3000	87.5086
13:04:32	4.3000	445.5751
13:04:32	4.3000	258.5294
13:04:30	4.3000	176.6692
13:04:24	4.3100	489.2155
13:04:24	4.2900	158.4386
13:03:52	4.2900	426.8643
13:03:27	4.2900	247.2184
13:03:07	4.3100	476.2501
13:02:50	4.3000	445.5464
13:02:33	4.3000	386.729
13:02:18	4.3000	200.1853
13:01:40	4.3100	241.1644
13:01:12	4.3000	319.2706
13:01:07	4.3100	372.1932
13:01:03	4.3000	136.4721

Time	Price	Amount
12:26:07	0.02665658	569.12
12:25:48	0.02668978	276.23
12:25:20	0.02665608	783.43
12:24:45	0.02664815	115.83
12:24:40	0.02665835	797.1
12:24:26	0.02665152	974.3
12:23:58	0.02665014	495.72
12:22:44	0.02657962	796.04
12:22:07	0.02655016	648.5
12:21:58	0.02656743	1.43K
12:21:49	0.02655946	840
12:21:09	0.02654183	1.54K
12:20:02	0.02649134	322.81
12:19:44	0.02652135	523.2
12:19:32	0.02655432	1.03K
12:19:23	0.02653699	577.27
12:18:52	0.02648946	381.63
12:18:32	0.02653402	138.5
12:18:18	0.02650954	382.99
12:17:58	0.02648901	564.19
12:17:50	0.02650753	484.49
12:17:26	0.02650131	1.30K
12:17:17	0.02654907	440.18
12:16:26	0.02653152	536.66
12:16:23	0.02653227	389.75
12:15:53	0.02652593	319.74
12:15:05	0.02656026	120.47
12:14:29	0.02650629	396.35
12:14:19	0.02652138	571.01
12:13:39	0.02650170	343.23
12:13:32	0.02650187	308.57
12:13:21	0.02651611	475.64
12:13:14	0.02650760	88.59
12:12:42	0.02651258	209.81
12:05:42	0.02653457	127.25
12:05:03	0.02646405	381.9
12:04:52	0.02646712	439.23
12:04:33	0.02647149	89.15
12:04:29	0.02645792	380.79
12:04:25	0.02650276	910.93
12:03:49	0.02648365	213.08
12:03:02	0.02650493	333.5
12:02:53	0.02651692	351.64

Time	Price	Amount
17:24:47	0.60598139	62.1583
17:24:35	0.60686406	54.0544
17:24:30	0.60357317	71.6846
17:24:08	0.60637871	41.4032
17:23:56	0.60614331	30.9913
17:23:48	0.60599963	68.0598
17:23:24	0.60695410	95.164
17:23:14	0.60896294	33.1252
17:23:07	0.60434445	44.7718
17:22:51	0.60506749	73.0902
17:22:35	0.60654670	26.401
17:22:17	0.60990909	55.7743
17:22:10	0.60957017	23.868
17:22:03	0.61263318	16.1924
17:21:55	0.61240191	67.3879
17:21:42	0.60709210	126.03
17:21:36	0.60956933	45.0949
17:20:16	0.61072671	32.7223
17:19:58	0.61085846	26.875
17:19:46	0.60697897	57.3862
17:19:06	0.60940206	69.656
17:18:34	0.61063646	72.7782
17:18:25	0.61111507	24.3339
17:18:04	0.60954190	34.5469
17:17:28	0.60689453	41.2149
17:17:08	0.60981679	15.9244
17:16:19	0.61126466	69.7023
17:15:58	0.61515288	56.4115
17:15:34	0.61607342	13.6935
17:15:04	0.61491517	19.8345
17:14:51	0.61477473	58.202
17:13:38	0.61201632	68.9896
17:12:51	0.61116106	74.3563
17:11:57	0.60917806	42.2866
17:11:48	0.60577710	69.169
17:10:43	0.60446795	16.832
17:09:58	0.60639911	82.3244
17:09:38	0.60681391	23.1475
17:09:09	0.60403953	61.6822
17:08:50	0.59983025	83.5505
17:08:17	0.60261306	89.3542
17:07:35	0.60070384	116.1281
17:07:03	0.60010389	31.9206

Fig. 27, 28, 29 (Trade histories for QTUM/USDT, EOS/ETH, ZEC/ETH)

Sometimes, transaction amounts are large enough to kill all bids or offers in the orderbook if they were executed by market orders (see figs 30-33).

Fig. 30 (BTC/USDT orderbook)

Fig. 31 (ZEC/ETH orderbook)

Fig. 32 (QTUM/ETH orderbook)

Fig. 33 (QTUM/BTC orderbook)

The Liquidity Review of Lbank showed that there is suspiciously stable trade volume until July 2018, trade volume & price inconsistencies during the sharp price moves in 6 major pairs, as well as manipulated transactions. Considering these facts, the weight of evidence suggests that Lbank tends to make trade volume manipulations.

CYBER SECURITY REVIEW

For cybersecurity assessment, we used the new version of the CER Cyber Security Score (CSS) calculation model, which has not been implemented in CER platform yet. New CSS is comprised of four high-level factors: server security, user security, continuous integration (CI) security, and historical security. In turn, each of the high-level factors consists of a number of factors ranging from 1 to 9.

Let's apply this model to measure the Lbank security level.

#	Factor		High-Level Factor		CSS
1	SSL/TLS certificate	9	Server Security	8.22	**7.51**
2	WAF/CDN	3			
3	SPF	10			
4	DNSSEC	10			
5	Soft version check (open ports scan)	10			
6	Git/svn/phpMyAdmin check	10			
7	Hidden dirs/dirs access	10			
8	HTTP Headers (+ Cookies HTTP only, secure)	4			
9	Spam DB	10			
10	2-factor authentication	10	User Security	8.75	
11	Captcha	10			
12	Password Requirements	5			
13	BugBounty Program	0	CI Security	0	
14	Data Breaches	10	Historical Security	10	
15	Previous Hack Cases	10			

Table 1. (LBank Cyber Security Score with factors)

So, we calculated CSS for LBank, and it totaled 7.51 points out of 10. The exchange didn't manage to get the best result due to the absence of bug bounty programs, medium password requirements, along with weak Web Application Firewall (WAF) and HTTP headers report, which are extremely important for the fundamental security of financial institution responsible for people's funds and data.

DESCRIPTION OF THE CSS RESULTS

Bug Bounty program — or vulnerability rewards program (VRP), is a crowdsourcing initiative that rewards individuals (ethical hackers) for discovering and reporting software bugs. Bug bounty programs are often initiated to supplement internal code audits and penetration tests as part of an organization's vulnerability management strategy. Currently, LBank doesn't conduct any bug bounty programs neither self-hosted nor via specialized third-party resources like HackenProof.

Strong user password is one of basic account security measures. Strong passwords should contain capital letters and special characters. LBank has medium password requirements: length of 8-20 characters, consisting of letters and numbers.

Web Application Firewall (WAF) – exchange protection from all kinds of attacks: sqli, rce etc. WAF — an application-level security cover designed to detect and block modern attacks on Web applications, including utilizing zero-day vulnerabilities. Such a defense mechanism allows a company to block attacks of the OWASP TOP 10 category, their totality, and combinations.

It's THE MOST IMPORTANT component of cybersecurity. Even if a site has vulnerabilities, WAF contributes to protecting them from the exploitation by hackers. It includes combined methods of detecting attacks based on signatures and machine learning. WAF identifies illegal actions of the user distinguishing them from legitimate visitors to the site.

WAF availability check showed that LBbank is using freeware OWASP ModSecurity Core Rule Set which can be bypassed with little effort.

HTTP security headers are a fundamental part of website security. Upon implementation, they protect a user against the types of attacks that a site is most likely to come across. We checked Lbank for the following headers:

- Strict-Transport-Security — is a feature to support a site and strengthen the implementation of TLS by getting the User Agent to enforce the use of HTTPS.
- Content-Security-Policy — is an effective measure to protect a site from XSS attacks. By whitelisting sources of approved content, you can prevent the browser from loading malicious assets.
- X-Frame-Options — enables clickjacking prevention by disabling iframes on your site.
- X-XSS-Protection — feature designed to defend against Cross Site Scripting.
- X-Content-Type-Options — stops a browser from trying to MIME-sniff the content type and forces it to stick with the declared content-type.
- Referrer-Policy — is a new header that allows a site to control how much information the browser includes with navigations away from a document and should be set by all sites.
- Feature-Policy — is a new header that allows a site to control which features and APIs can be used in the browser.

LBank's site has a warning regarding weak parameters of Strict-Transport-Security and misses other 5 (out of 7) headers: Content-Security-Policy, X-XSS-Protection, X-Content-Type-Options, Referrer-Policy, and Feature-Policy.

MARKETING REVIEW

WEBSITE TRAFFIC

For our marketing analysis, we've compared LBank (a questionable exchange) with Kraken, KuCoin, and Gemini. These exchanges we consider well-established and quite reliable.

Here is a quick snapshot of exchanges in question from CoinMarketCap (CMC) as of November 1, 2018. The figures highlighted in a red box are "30 Day Adjusted Trading Volume".

26	Kraken	$65,691,905	$65,691,905	$287,703,880	$2,020,437,530	71	-10.22%		Jul 2011
44	Kucoin	$26,570,576	$26,570,576	$101,757,683	$575,505,942	403	-5.04%		Aug 2017
47	Gemini	$23,437,583	$23,437,583	$82,635,145	$613,231,685	9	9.63%		Oct 2014
10	LBank	$197,866,473	$197,866,473	$842,557,392	$5,910,553,120	92	-11.81%		Oct 2017

Fig 34. (30 Day Adjusted Trading Volume LBank, KuCoin, Kraken, Gemini on CMC)

As you can see, LBank is a dominant leader among the group. Let's see what our marketing analysis will show.

At first, we've looked over the website traffic by using SimilarWeb Pro to get the LBank's user traffic data over the last six months, and then, we compared the results with the three exchanges mentioned above. Here are the results:
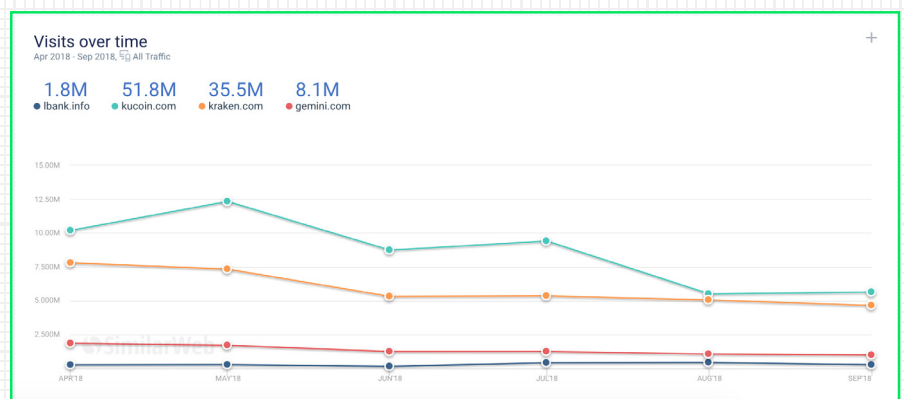

Fig 35. (Overall monthly site visits for LBank, KuCoin, Kraken)

As we can see, LBank's traffic is far away from Kucoin or Kraken and is about 5 times lower than Gemini's one. We see the similar picture over the Average unique visitors per period:
- KuCoin - 1,749,000
- Kraken - 1,082,000
- Gemini - 309,497
- LBank - 90,409

UU (Unique Users)

The formula for counting Unique UsersUU = unique visitors * (1 - bounce rate)
- KuCoin - 1,749,000 * (0.51) = 891,990
- Kraken - 1,082,000 * (0.65) = 703,300
- Gemini - 309,497 * (0.57) = 176,413
- LBank - 90,409 * (0.56) = 50,629

As can be seen, LBank's performance is significantly lower than its peers'. How can it be true considering the fact that Lbank's trade volume several times higher than ones of KuCoin, Kraken, and Gemini?

TWITTER FOLLOWERS

Twitter is considered to be a primary communication channel among the crypto exchanges. So, we've looked over the follower's numbers to see what's what:
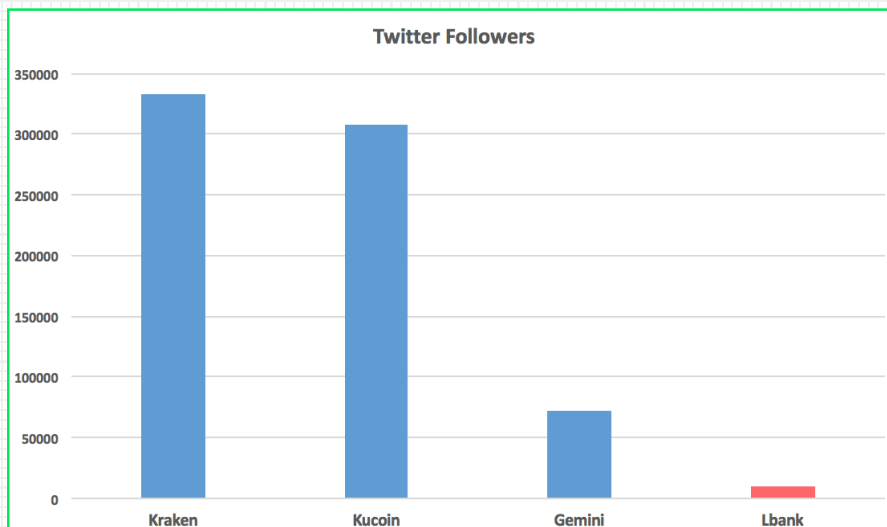

Fig 36 (Numbers of followers on Twitter)

TRADING VOLUME

Next, we took the 30 day reported volume data from CMC for comparison of the exchanges.
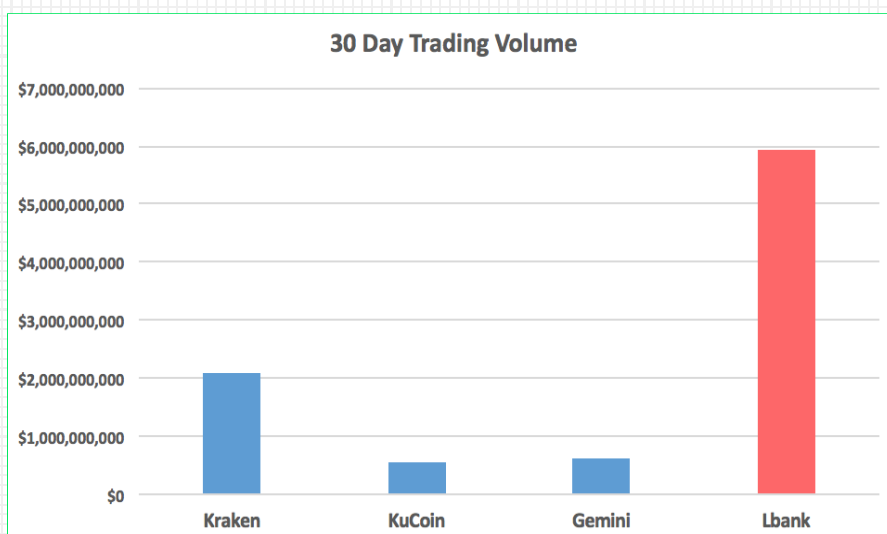

Fig 37. (30 Day Reported Volume LBank, KuCoin, Kraken, Gemini on CMC)

Interestingly, despite miserable website traffic and Twitter community — LBanks has the 10 times higher trading volume compared to Gemini!

Comparing LBank to KuCoin or Kraken simply doesn't make any sense. Kraken and KuCoin website traffic and community engagement levels greatly surpass that of Lbank. Despite that, Lbank is demonstrating multiple times higher trading volume. This is incredibly suspicious!

TRADE VOLUME PER UNIQUE VISITOR

To reinforce what we've made in the Trading Volume section, we've calculated the Trade Volume per Unique Visitor factor:
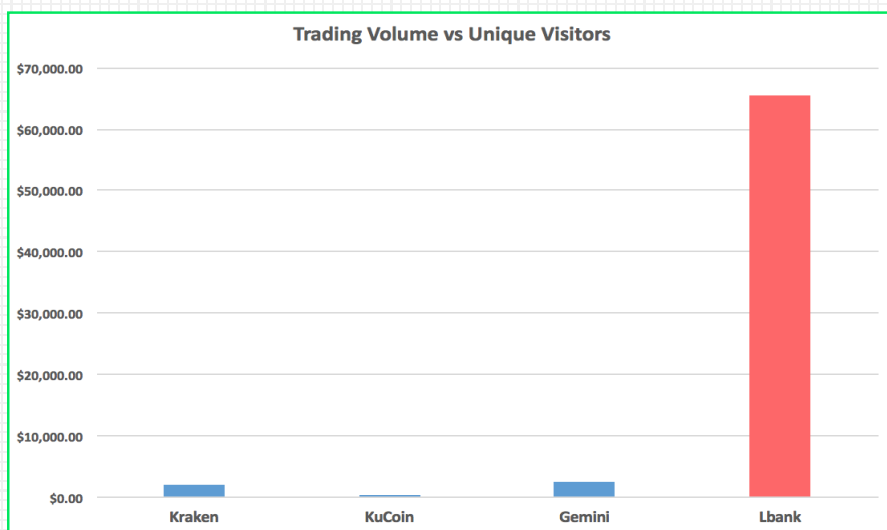

Trading Volume vs Unique Visitors

Fig 38. (Trade Volume per Unique Visitor)

Meaning that Kraken, Kucoin, and Gemini trade about $300-$2000 per unique user, where-as LBank trades more than $65 000 per unique visitor. It's even 5 times higher than trade volume per user on Bitforex ($12 824). This is obviously a suspicious KPI.

REFERRAL TRAFFIC

This is yet another interesting KPI that we see from Exchanges that we suspect in artificial boost of their trading volume.

Top Referring Websites ⓘ

Apr 2018 - Sep 2018, Ⓢ Worldwide 🖥 Desktop Only

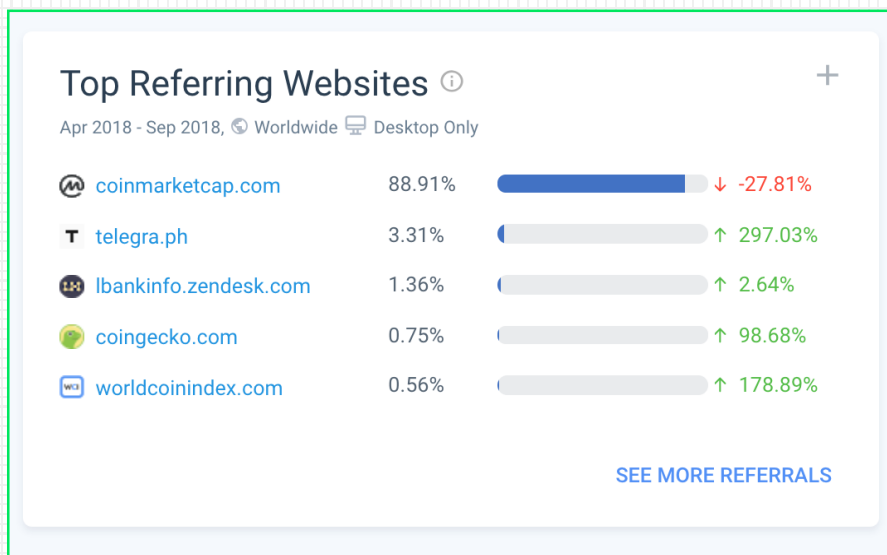|			
Ⓜ coinmarketcap.com	88.91%		↓ -27.81%
T telegra.ph	3.31%		↑ 297.03%
Ⓗ lbankinfo.zendesk.com	1.36%		↑ 2.64%
Ⓖ coingecko.com	0.75%		↑ 98.68%
Ⓦ worldcoinindex.com	0.56%		↑ 178.89%

SEE MORE REFERRALS

Fig 39. (LBank Traffic overview in Apr-Sep 2018)

As we can see, CoinMarketCap is by far the largest source of LBank's referral traffic, meaning that questionable exchanges (LBank in our case) artificially boost their trading volume to get to the "top" of CMC rank. Exchanges do that because Coin Market Cap has lots and lots of traffic, and users tend to choose exchanges at the top of the rating. This is

MARKETING REVIEW CONCLUSIONS

The conclusion is pretty much the same as in all our researchers that we do regarding questionable exchanges - low traffic volume, low community engagement levels and out of the chart trading volumes that vastly surpass well-established crypto exchanges. Is it an appropriate approach for the growing fintech industry? Definitely - NO.

REPORT INFERENCES

Pros:

1.   It's pleasure to see that Lbank implemented KYC and AML policies to prevent money laundering.
2.   Relatively good Cyber Security Score - 7.5 points - which is above the average. Cyber Security analysis using our new model revealed the absence of bug bounties, medium password requirements, along with weak WAF and HTTP headers.

Cons:

1.   An arcane team. It's difficult to trust an institution that hides identities of its representatives' and founders', the persons who are responsible for the customers' funds and sensitive data.
2.   Liquidity analysis of the exchange revealed unnaturally stable trade volume until July 2018, trade volume & price inconsistencies during the sharp price swings in 6 major pairs, along with presumably manipulated transactions.
3.   The CER team's marketing analysis detected that Lbank has much higher claimed trade volume and volume per unique visitor despite much lower user traffic and Twitter followers metrics than Kraken, KuCoin and Gemini. It even overcame Bitforex in terms of trade volume and volume per unique visitor. This suggests of the high possibility of artificial volume pumping on the exchange.

Based on the results of liquidity, cyber security and marketing analyses we can conclude that LBank is unreliable exchange for crypto trading, due to most likely falsified liquidity and exploitable cyber security issues.