

Secure wallet application for cryptocurrency and blockchain transactions

by Viet-Sang Nguyen

Monday, September 6th, 2021



CryptoExperts

- ◆ Founded in 2009, based in Paris
- ◆ Research team & service company
- ◆ Strong focus on cryptography & security of embedded systems
- ◆ Services of custom crypto design, implementation, evaluation
- ◆ Software & technologies
 - ▶ Secure embedded crypto libraries
 - ▶ White-box cryptography
 - ▶ Fully Homomorphic Encryption
- ◆ Website: www.cryptoexperts.com

Outlines

1. Introduction

- ◆ Context
- ◆ Goal

2. Keys and addresses for cryptocurrencies

- ◆ Address derivation
- ◆ Privacy problem
- ◆ Tree-like structure of keys (HD Wallet)

3. Transactions

- ◆ Transaction components (Bitcoin)
- ◆ How to create a transaction?

4. Secure wallet architecture

- ◆ Account on wallet
- ◆ Token generator and usage

5. Summary

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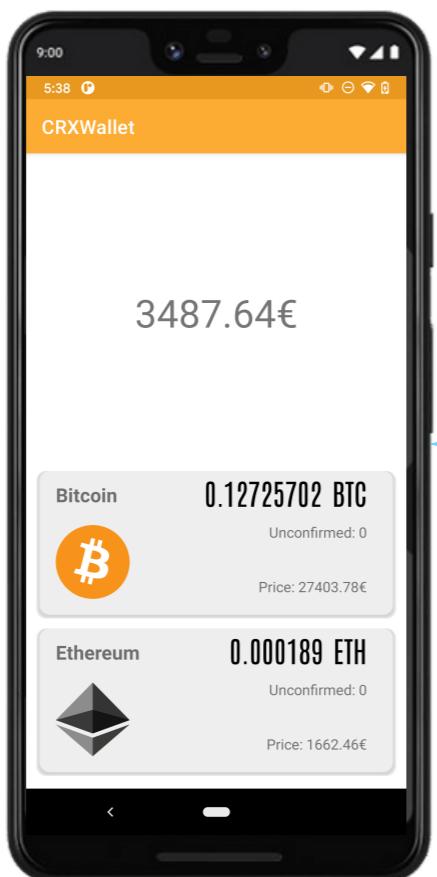
3. Transactions

4. Secure wallet architecture

5. Summary

Context

- ❖ A valid transaction is signed by ECDSA
- ❖ One has control over coins if she has the private key



Responsibilities of a wallet

Manage Keys
Create transactions
Sign transactions
Broadcast transactions

→ Key protection is extremely important

Context

- ❖ Many wallets “help” users to manage keys
- ❖ Risk: keys are stored on smartphone (open environment)



HELEN PARTZ MAR 31, 2021

iPhone user blames Apple for \$600K Bitcoin theft via fake app

Apple removed the fake Trezor app several times, but it kept appearing on the App Store days later.

16874 Total views 377 Total shares Listen to article 2:05

Cointelegraph

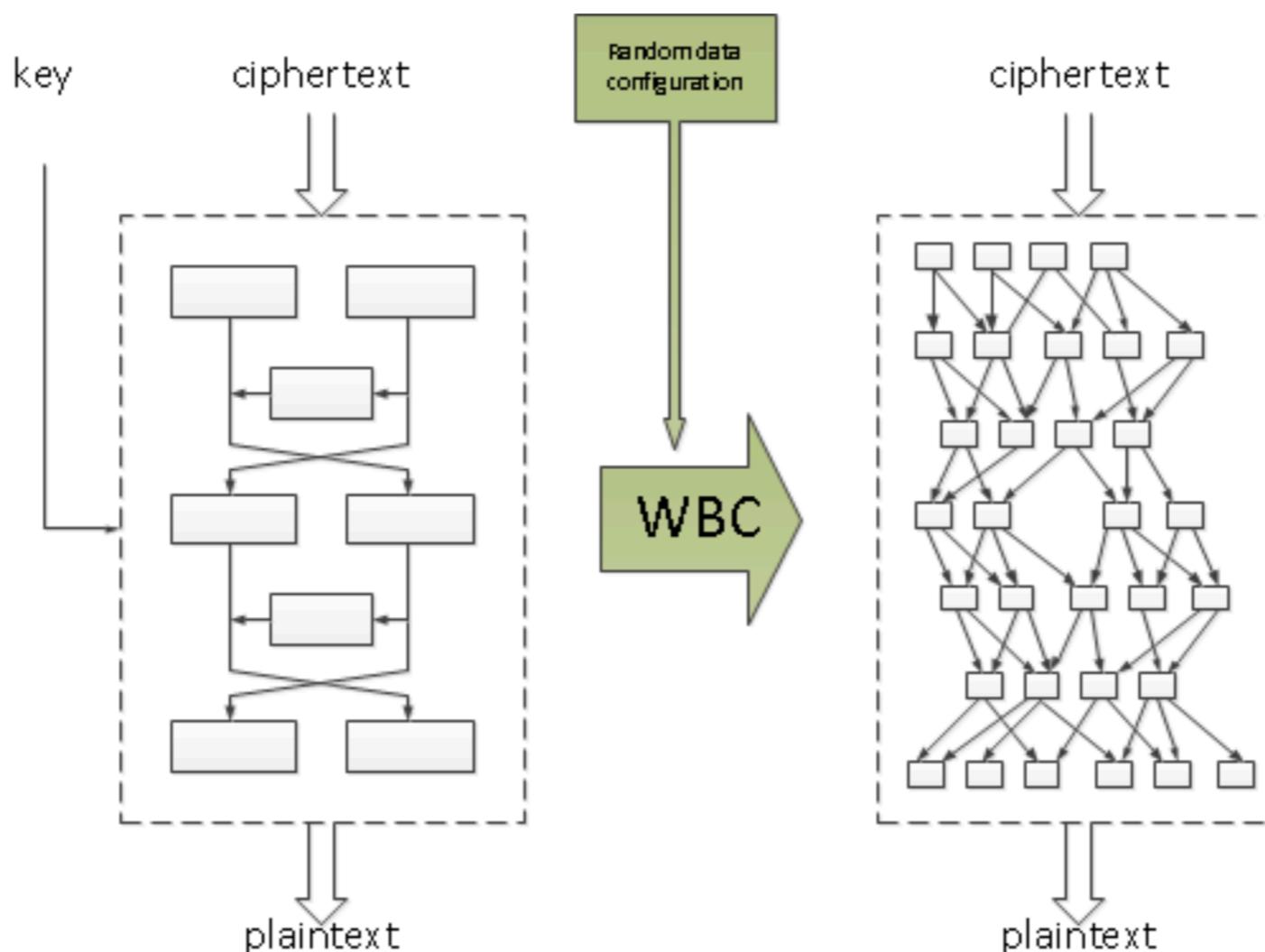
A scam cryptocurrency app on Apple's app distribution service App Store has reportedly stolen \$600,000 Bitcoin (BTC) from one iOS user.

Cryptocurrency holder Phillip Christodoulou fell victim to a scam app on the App Store, losing nearly all his life savings to a fake crypto wallet application, The

→Need a secure wallet app

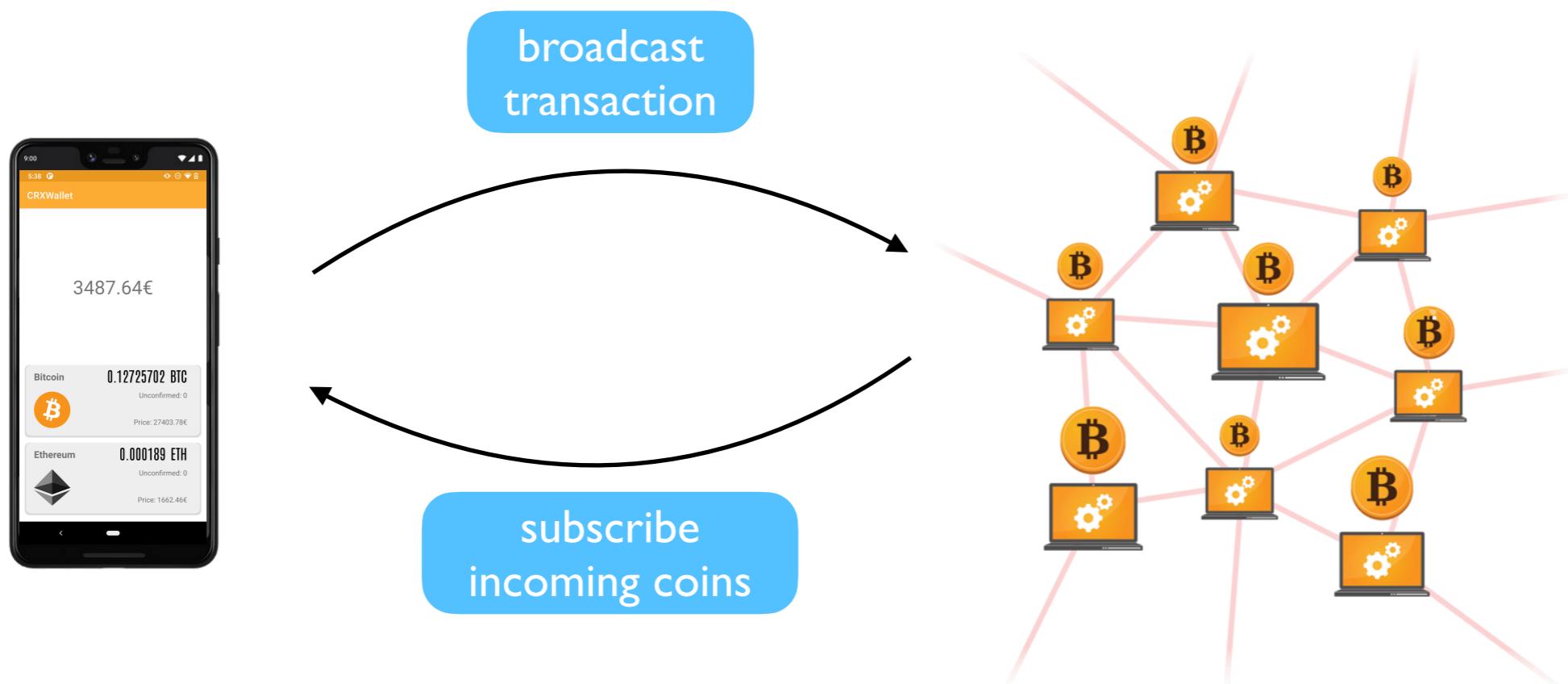
White-Box Cryptography

- ♦ Hide the secret key in an obfuscated cryptographic implementation
- ♦ An attacker is assumed to have
 - full access to the software
 - control of the execution environment
- ♦ Our main goal is to make the key extraction difficult



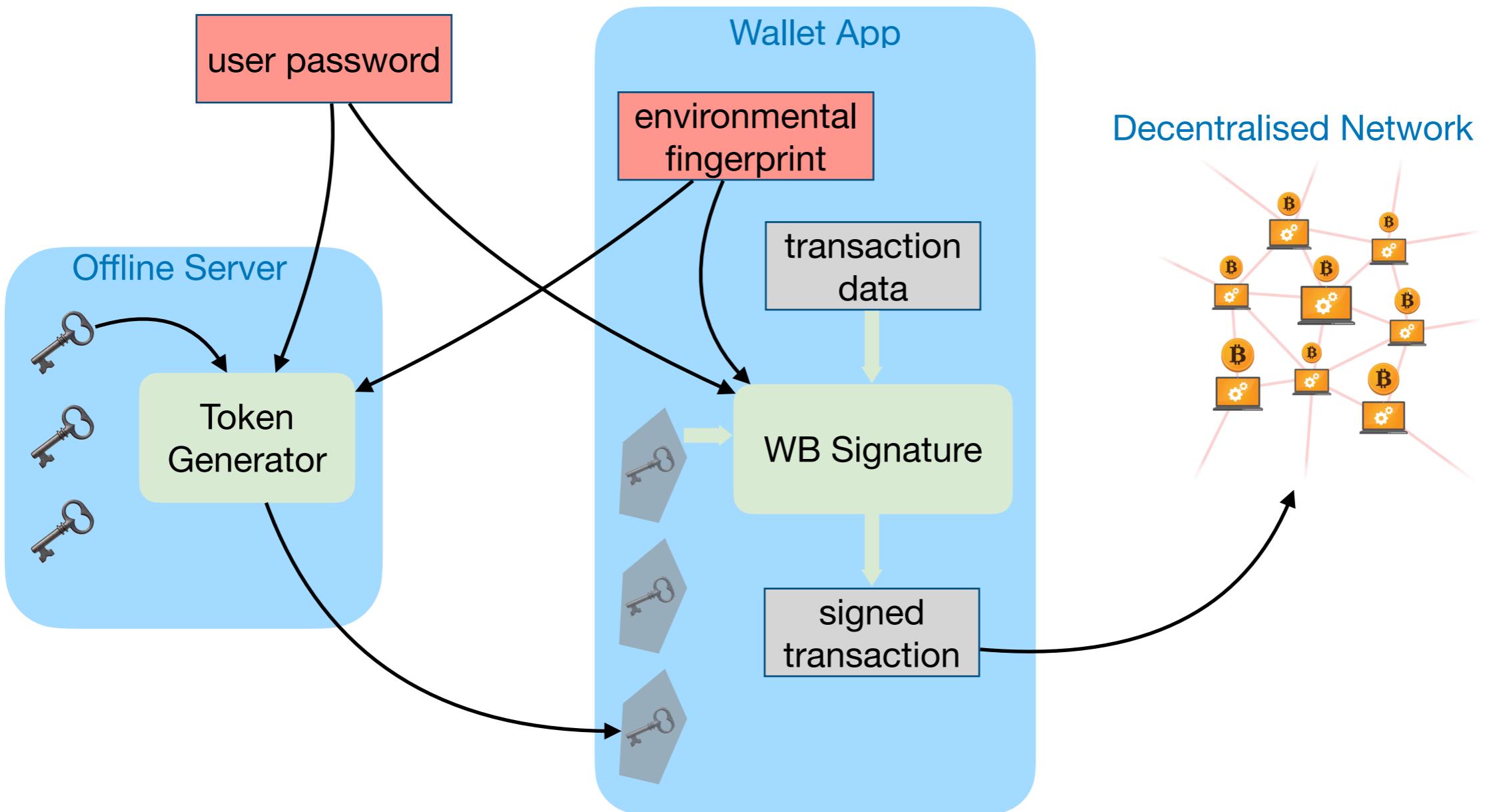
Goal

- ◆ To build a cryptocurrency wallet application
 - ▶ It is capable of sending/receiving coins
 - ▶ Transactions are *signed by White-box ECDSA*
- ◆ This app supports Bitcoin and Ethereum transactions



Overview of Architecture

- ◆ A token is a secure container for a key
 - generated by a trusted server
 - operated by a white-box signature
- ◆ Server is deployed on a trusted and isolated environment



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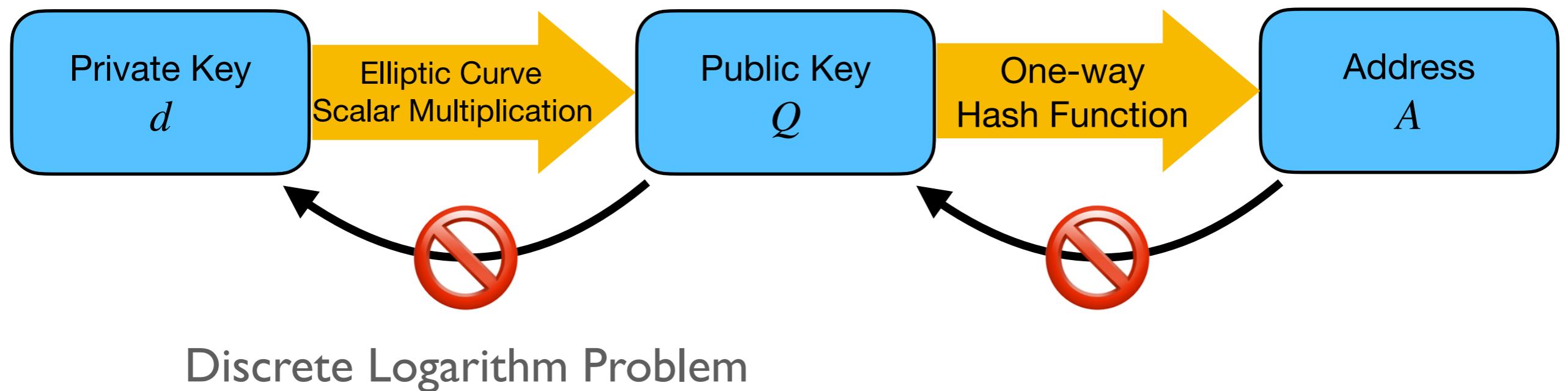
- ◆ Address derivation
- ◆ Privacy problem
- ◆ Tree-like structure of keys (HD Wallet)

3. Transactions

4. Secure wallet architecture

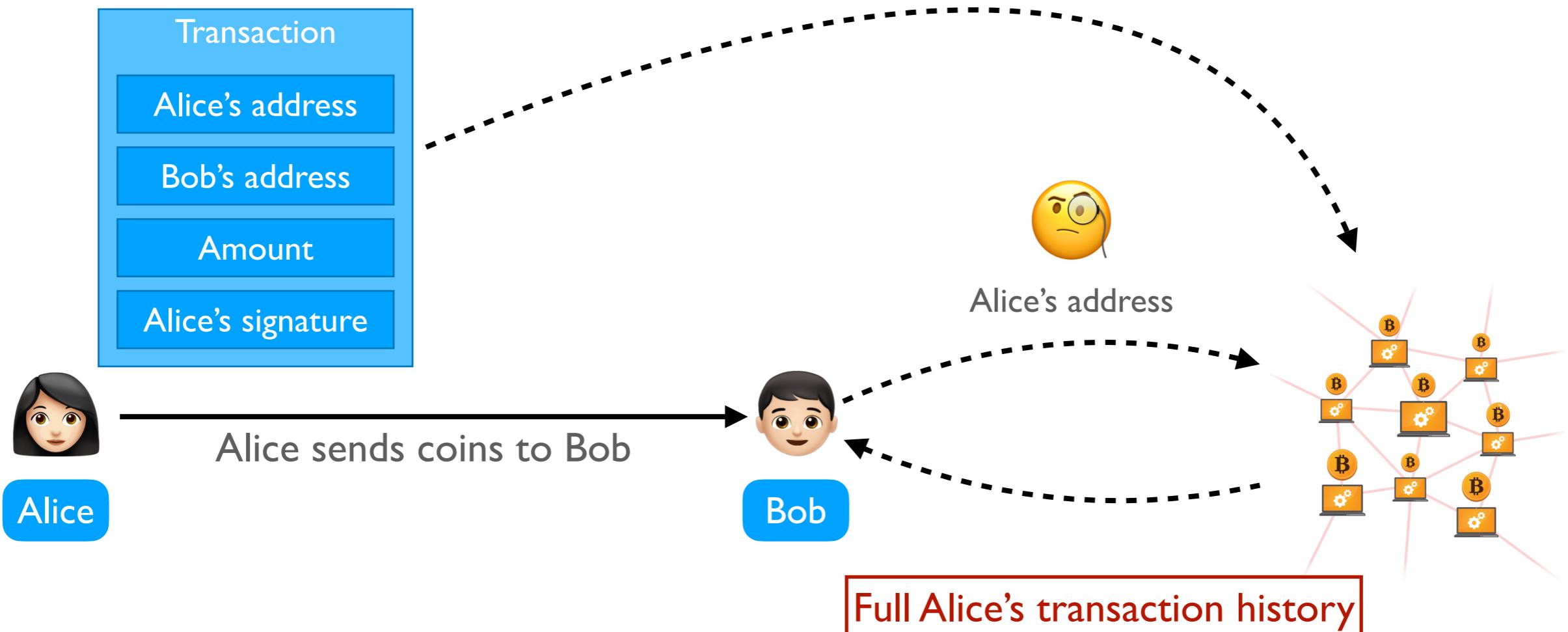
5. Summary

Key and Address in Cryptocurrencies



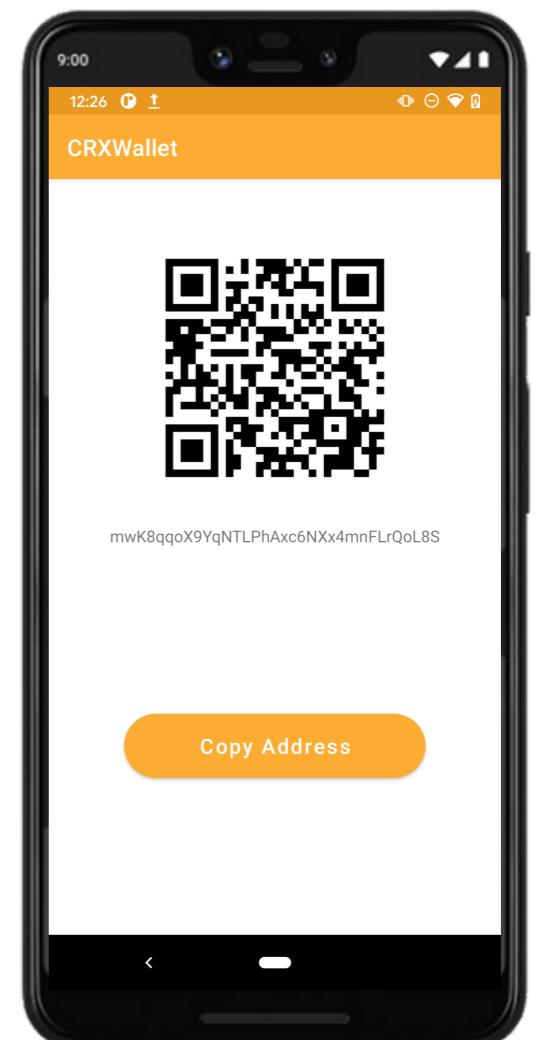
Privacy problem

- ♦ If Alice uses only one address for many transactions...
It is fine. BUT...



Privacy problem: solution

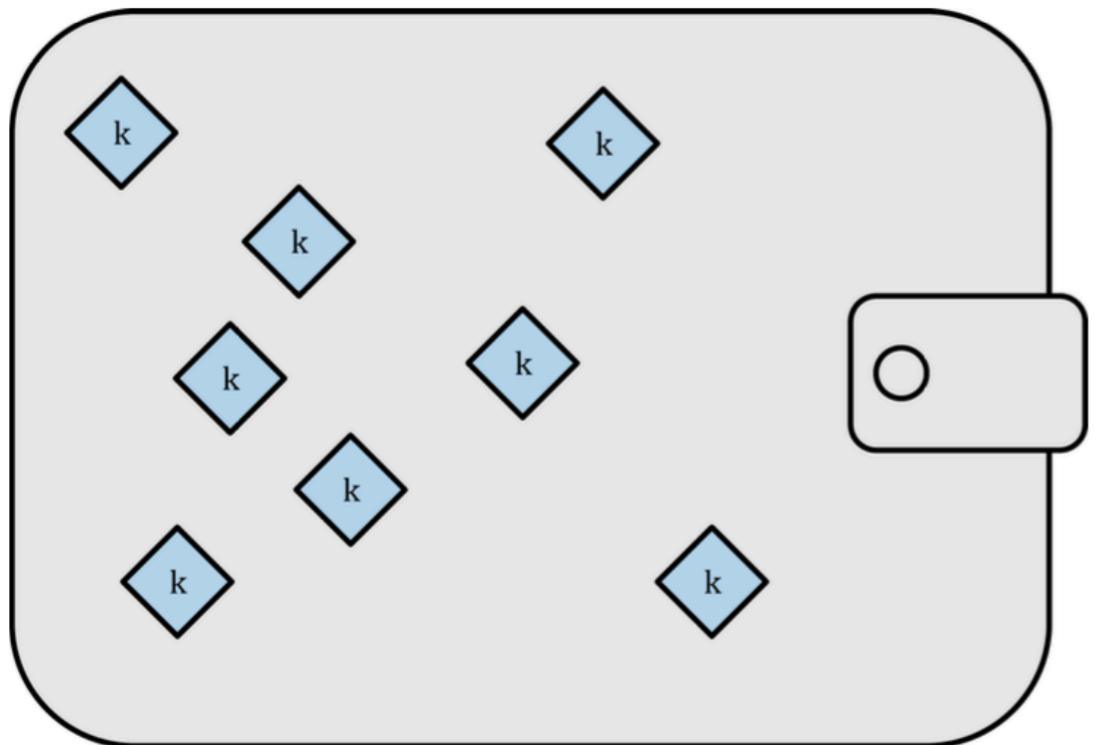
- ❖ Should avoid reusing addresses
- ❖ One address involves in only two transactions
 - Receive coins from another address
 - Send coins to another address
- ❖ Change receiver's address right after receiving coins from someone
- ❖ → Split total balance into small amounts contained by different addresses



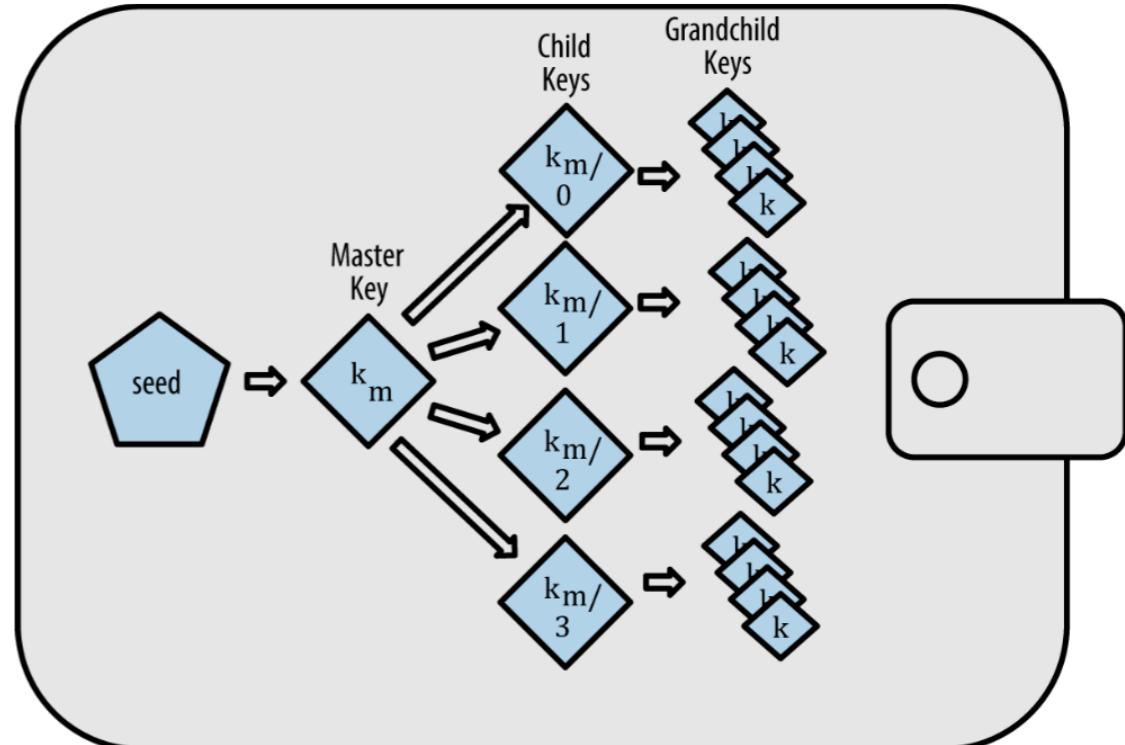
How to manage many addresses and keys?

Wallet Types

Non-deterministic



Deterministic



- ♦ Independent generation
- ♦ No relation

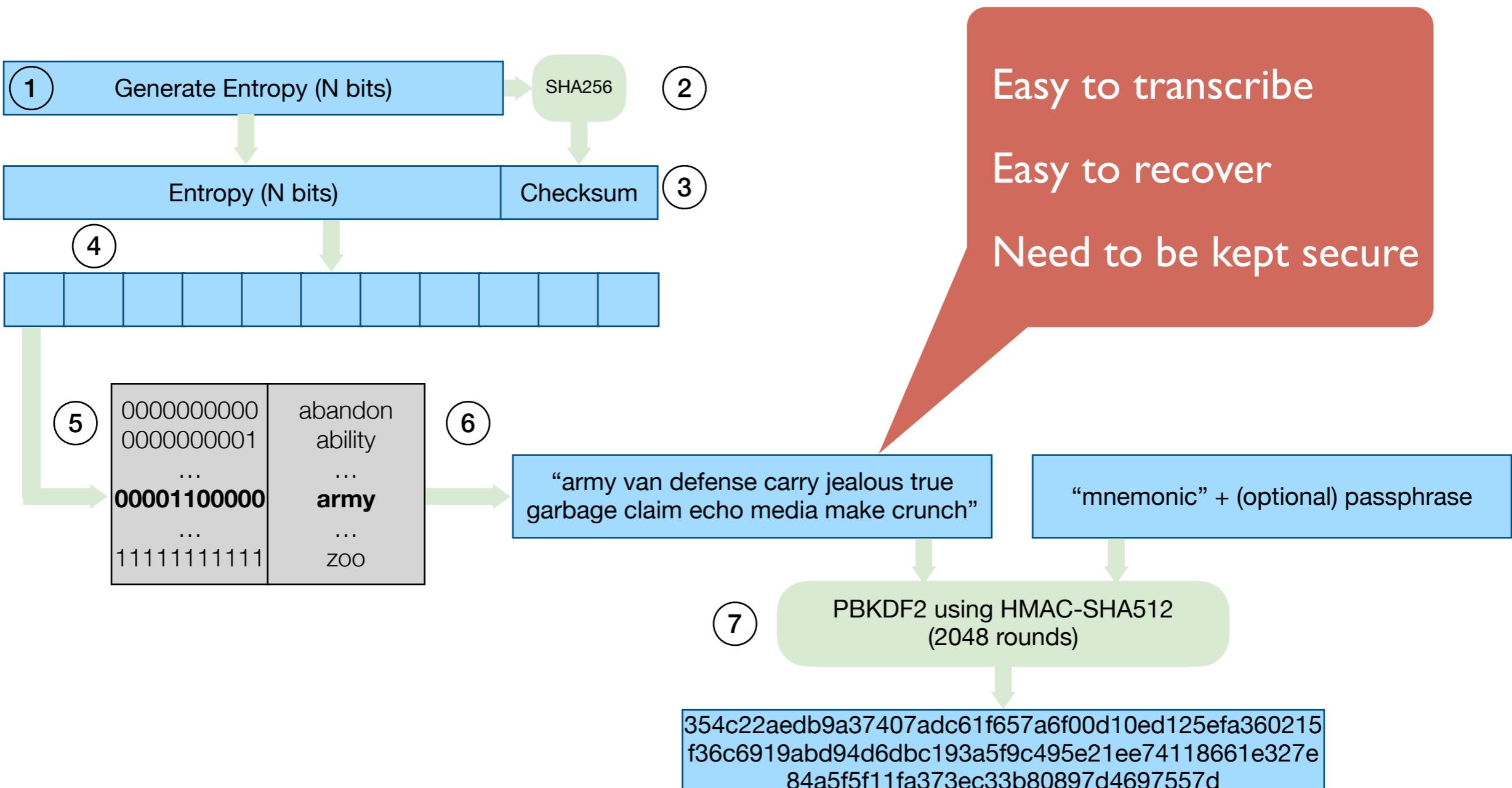
→ Bad choice

- ♦ Tree-like structure
- ♦ Keep secret only the seed

→ Good choice

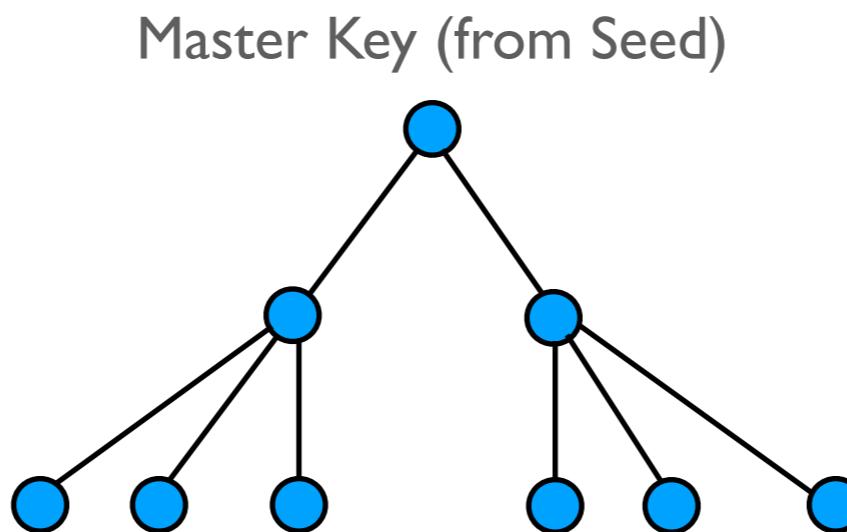
Mnemonic Code Words

- ◆ BIP-39: Mnemonic code for generating deterministic keys*



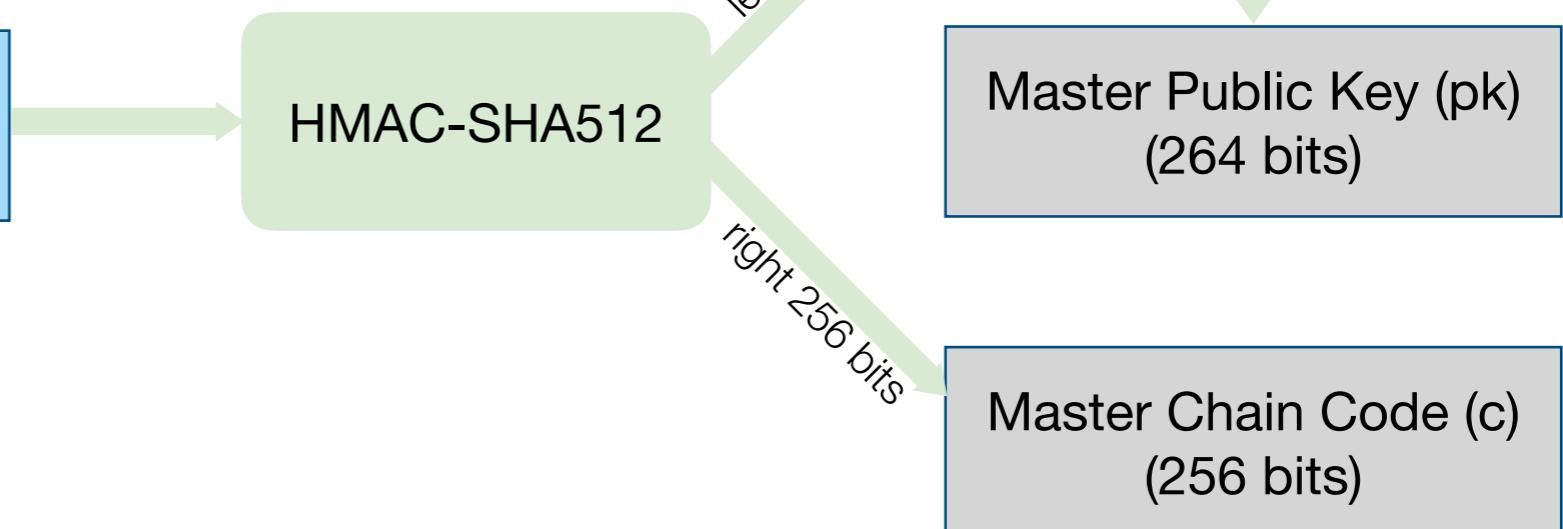
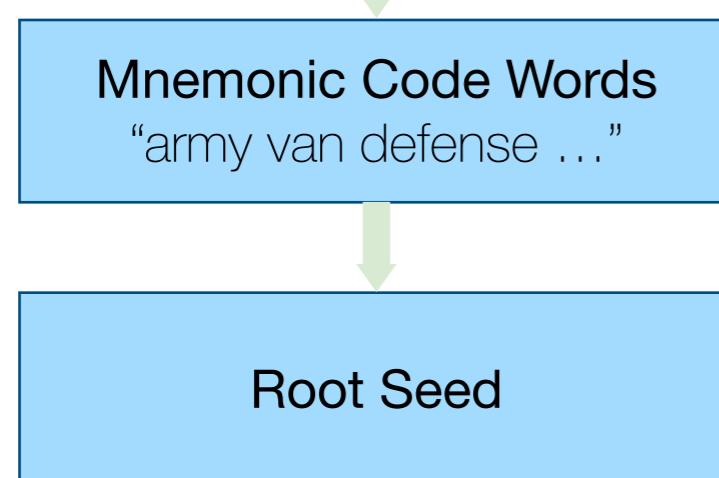
HD wallet from the Seed

- ❖ BIP-32: Hierarchical Deterministic Wallets*
- ❖ A **tree-like structure** of keys:
 - Generate Master Key from Seed
 - Generate a child private key from a parent private key
 - Generate **a child public key from a parent public key**
(without the need of the private key)

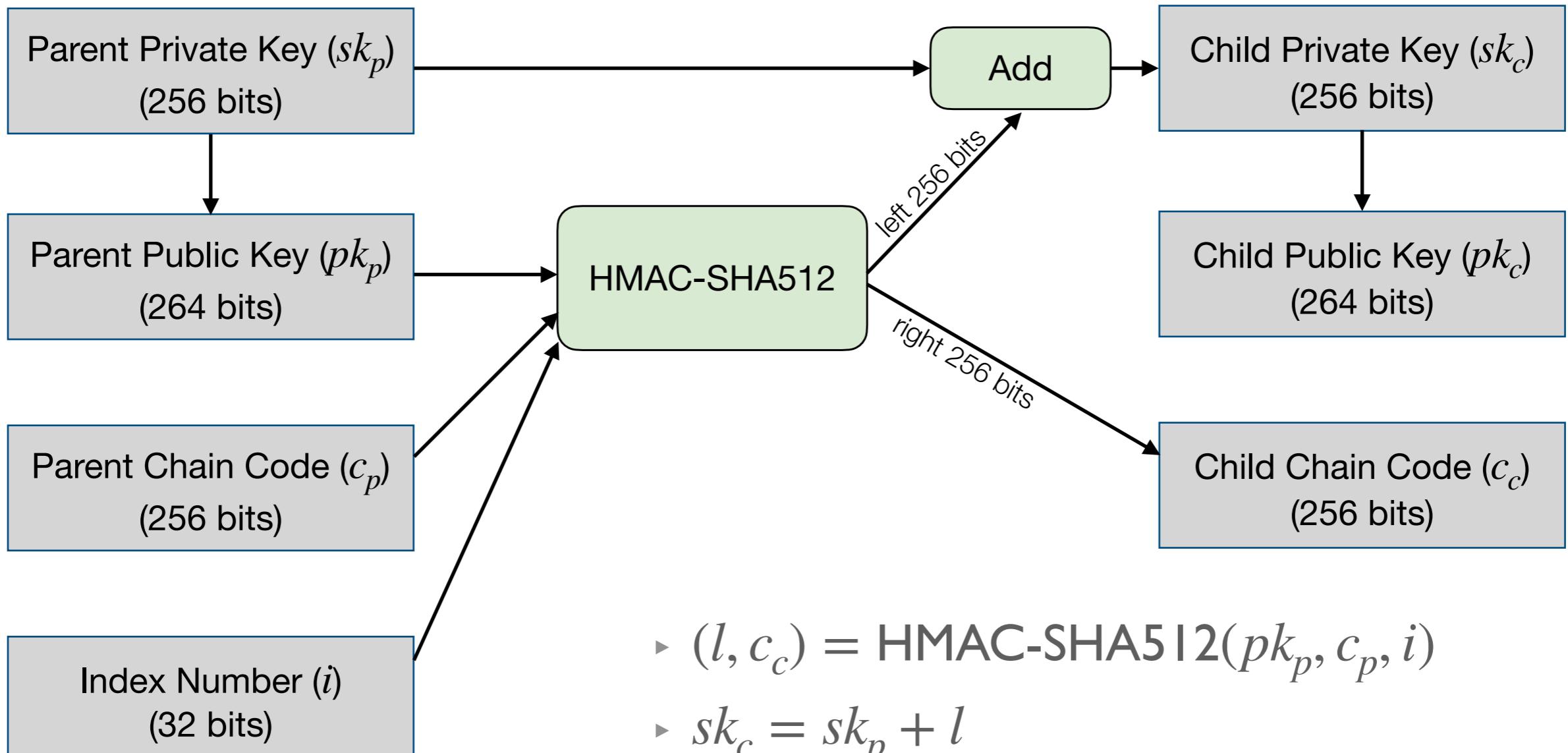


Generate Master Key from Seed

Cryptographically Secure Pseudo-Random Number Generator

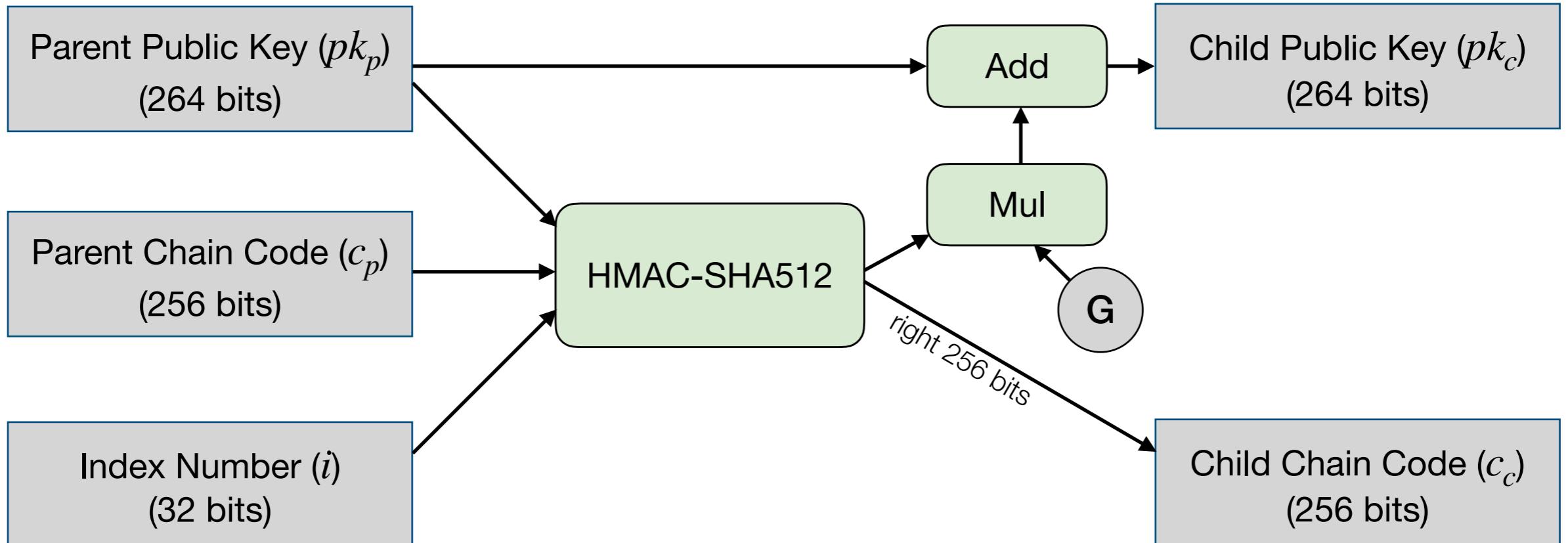


Child private key from parent private key



- $(l, c_c) = \text{HMAC-SHA512}(pk_p, c_p, i)$
- $sk_c = sk_p + l$
- $pk_c = sk_c \times G = (sk_p + l) \times G$
- $xprv = (sk \parallel c)$: enough to generate

Child public key from parent public key

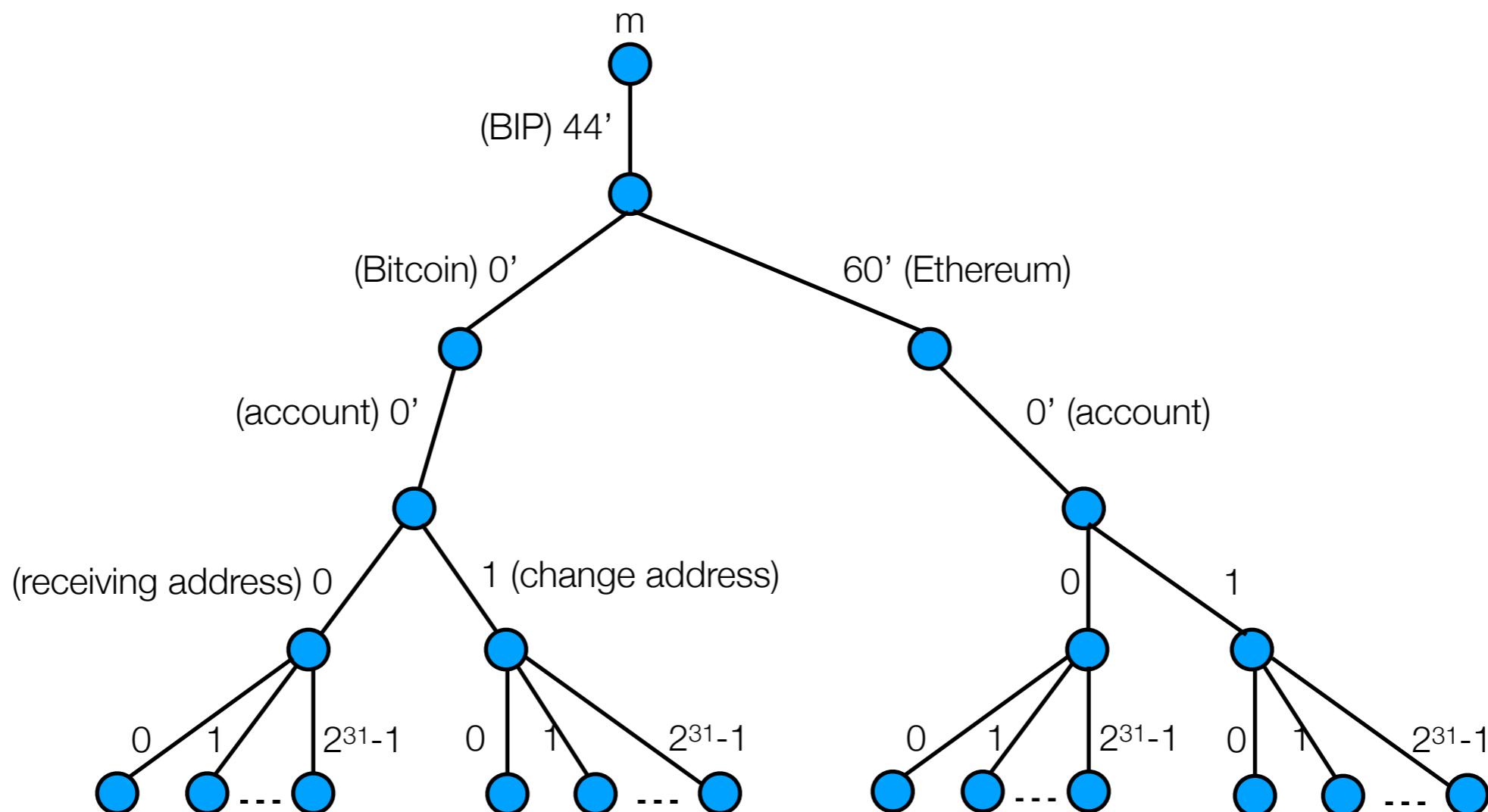


- $(l, c_c) = \text{HMAC-SHA512}(pk_p, c_p, i)$
- Previous calculation: $pk_c = sk_c \times G = (sk_p + l) \times G$
- Now: $pk_c = pk_p + l \times G = sk_p \times G + l \times G = (sk_p + l) \times G$
- $xpub = (pk \parallel c)$: enough to generate

Public key is generated without the need of private key

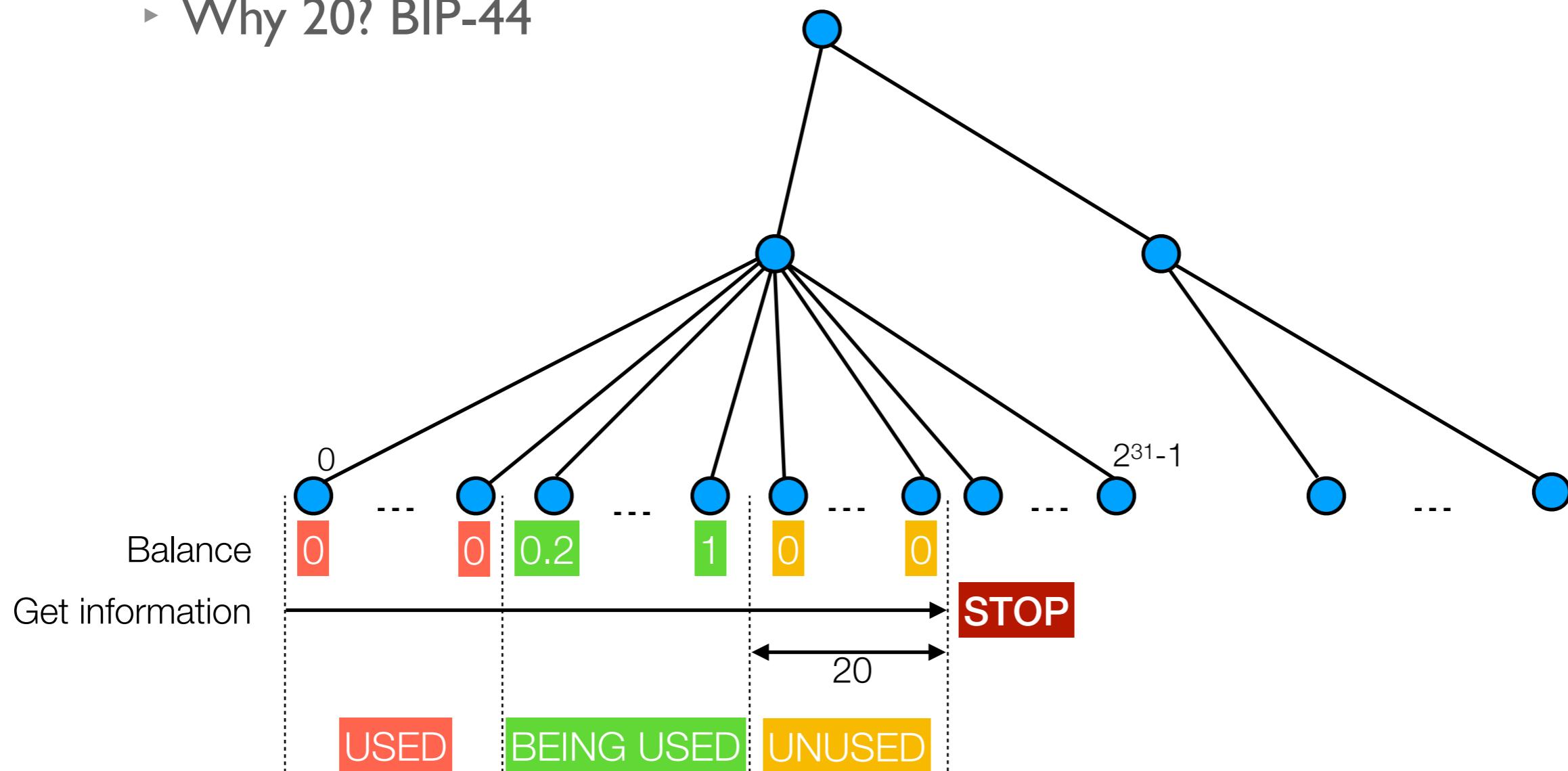
Key Structure Specification

- ❖ BIP-44: Multi-Account Hierarchy for Deterministic Wallets*
- m / purpose' / coin_type' / account' / change / address_index
- Example: m / 44' / 0' / 0' / 0 / 1



How to get balance?

- ❖ Get information on Bitcoin network for each address
- ❖ When to stop?
 - ▶ 20 consecutive *fresh addresses* (no transaction)
 - ▶ Why 20? BIP-44

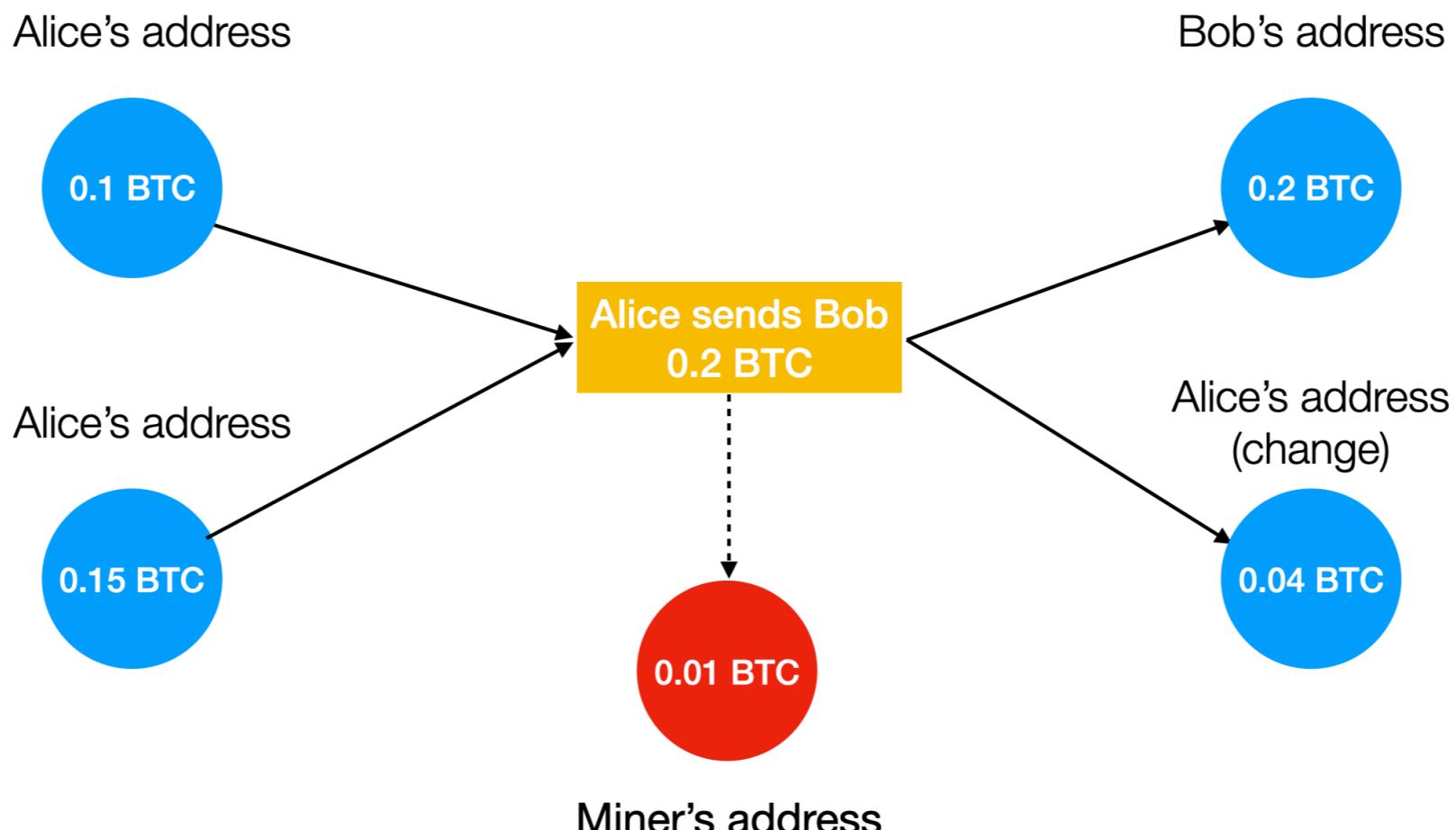


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 - ◆ Transaction components (Bitcoin)
 - ◆ How to create a transaction?
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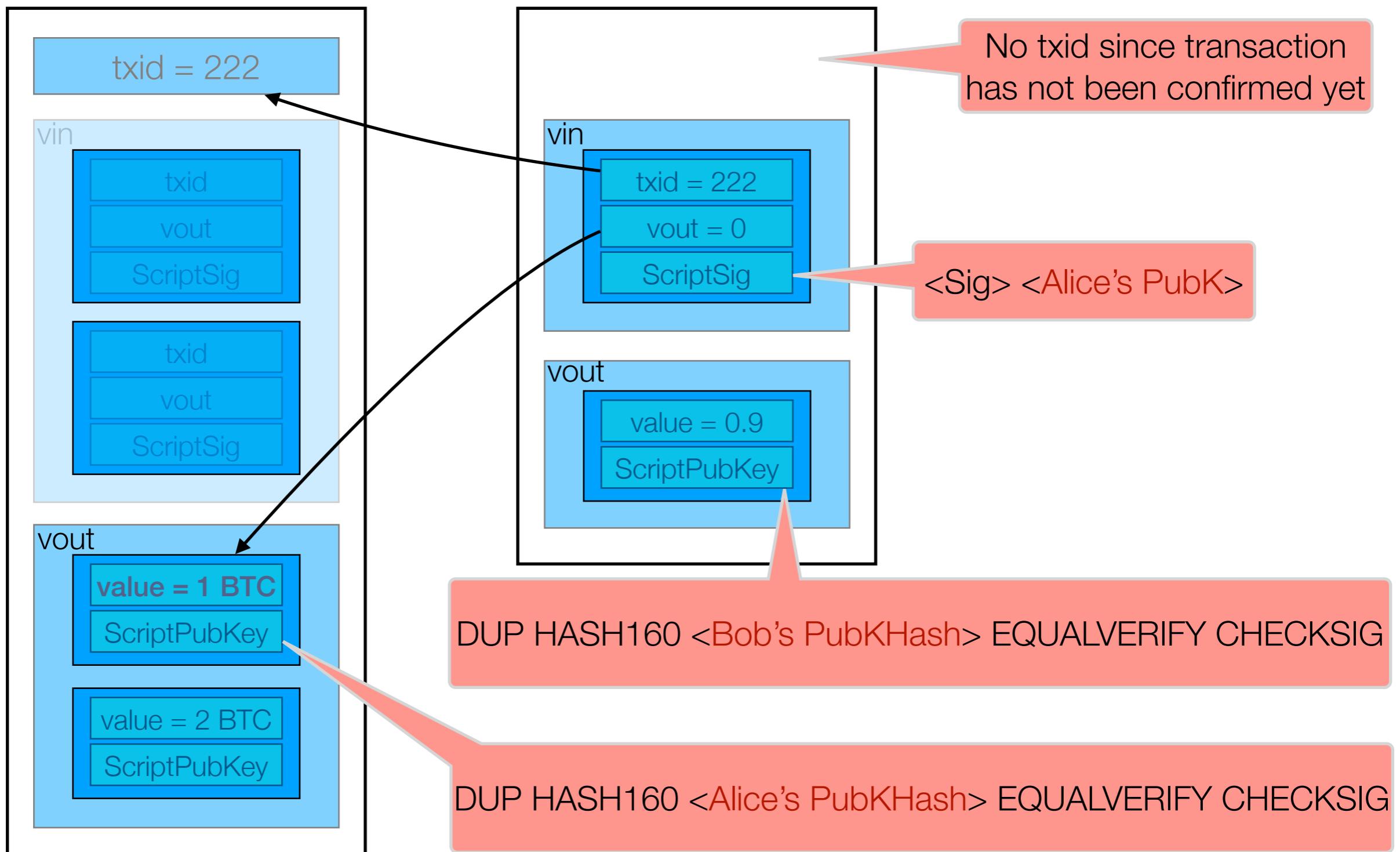
Transaction Components

- ◆ A transaction can include
 - One or many addresses as inputs
 - One or many addresses as outputs
- ◆ The change is not automatically sent back to the sender
- ◆ Transaction fee
 - Fee = Sum(inputs) - Sum(outputs)



Create a new transaction

- Example: Alice has 1 BTC and wants to send Bob 0.9 BTC

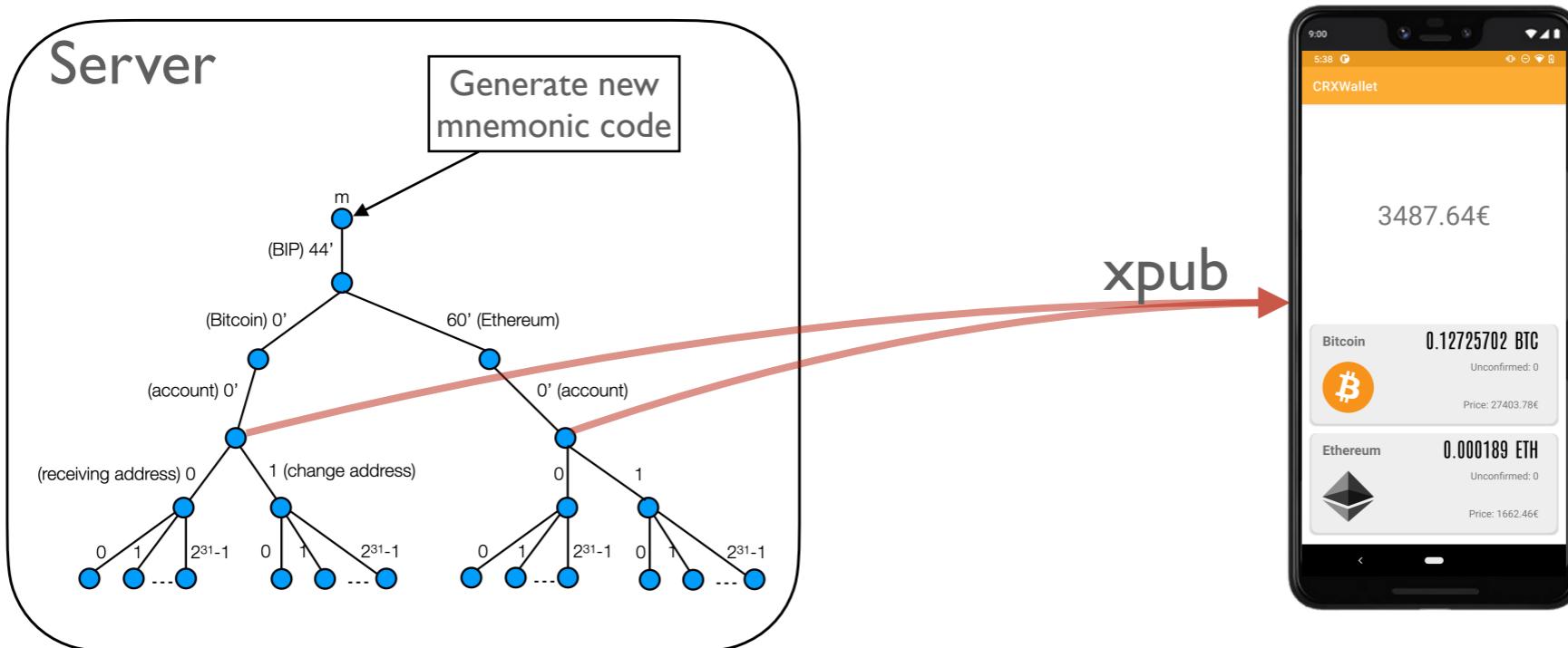


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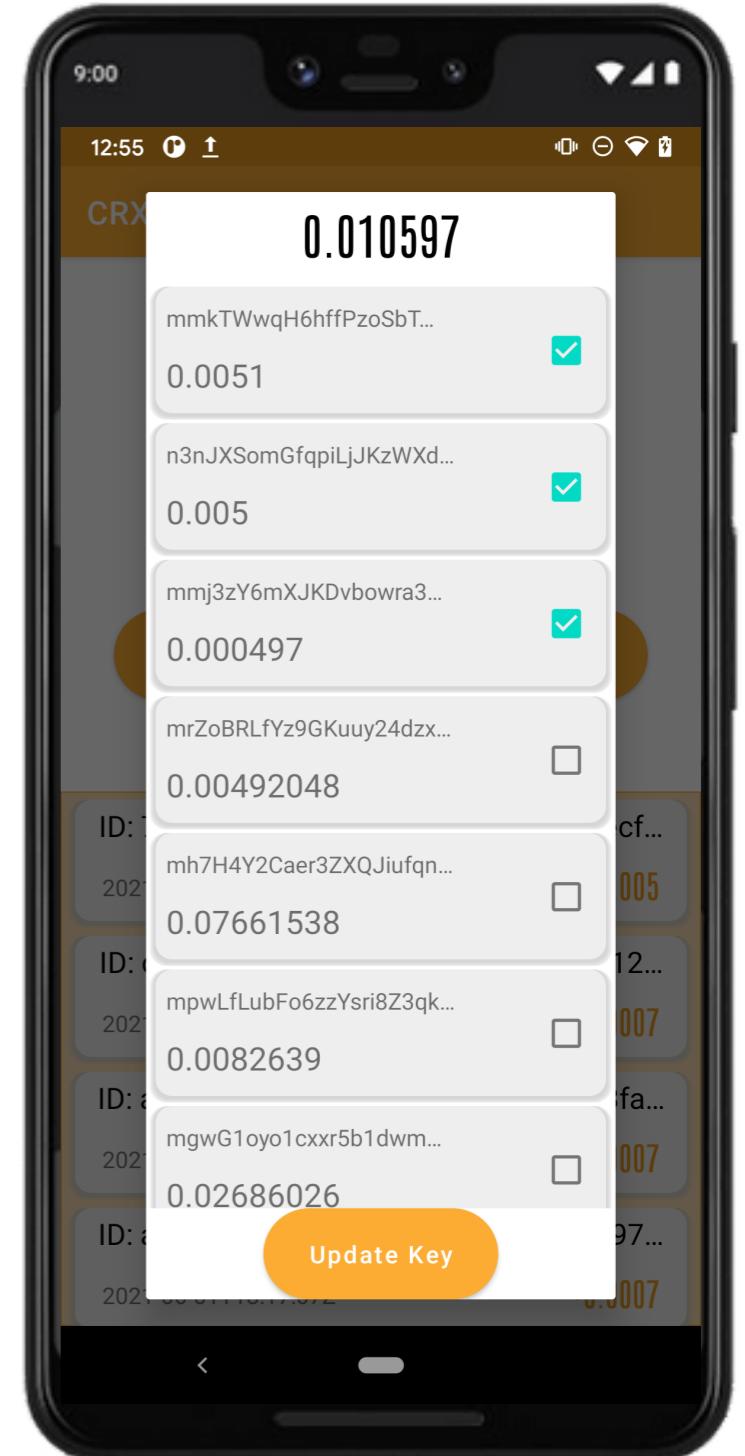
Create account on wallet

- ❖ Wallet app only stores xpub (of account node)
- ❖ From xpub, it can generate addresses and public keys



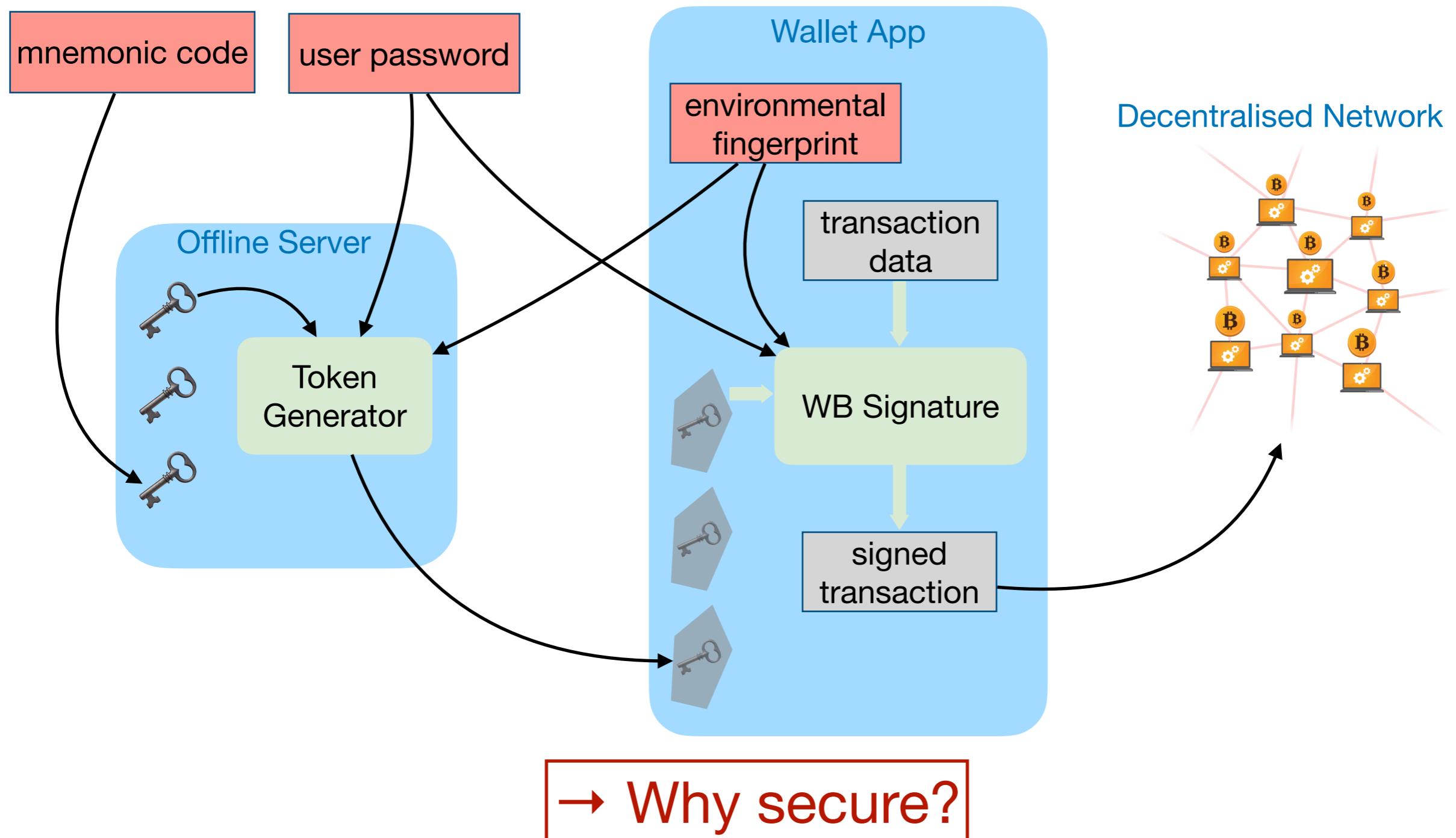
Spendable Amount

- ❖ Private keys are not stored in the app
- ❖ What is spendable amount?
 - ▶ Sum of positive balance of addresses
 - ▶ Tokens (private keys) are available in the app
- ❖ Increase spendable amount
 - ▶ Connect to server (by cable)
 - ▶ Update tokens



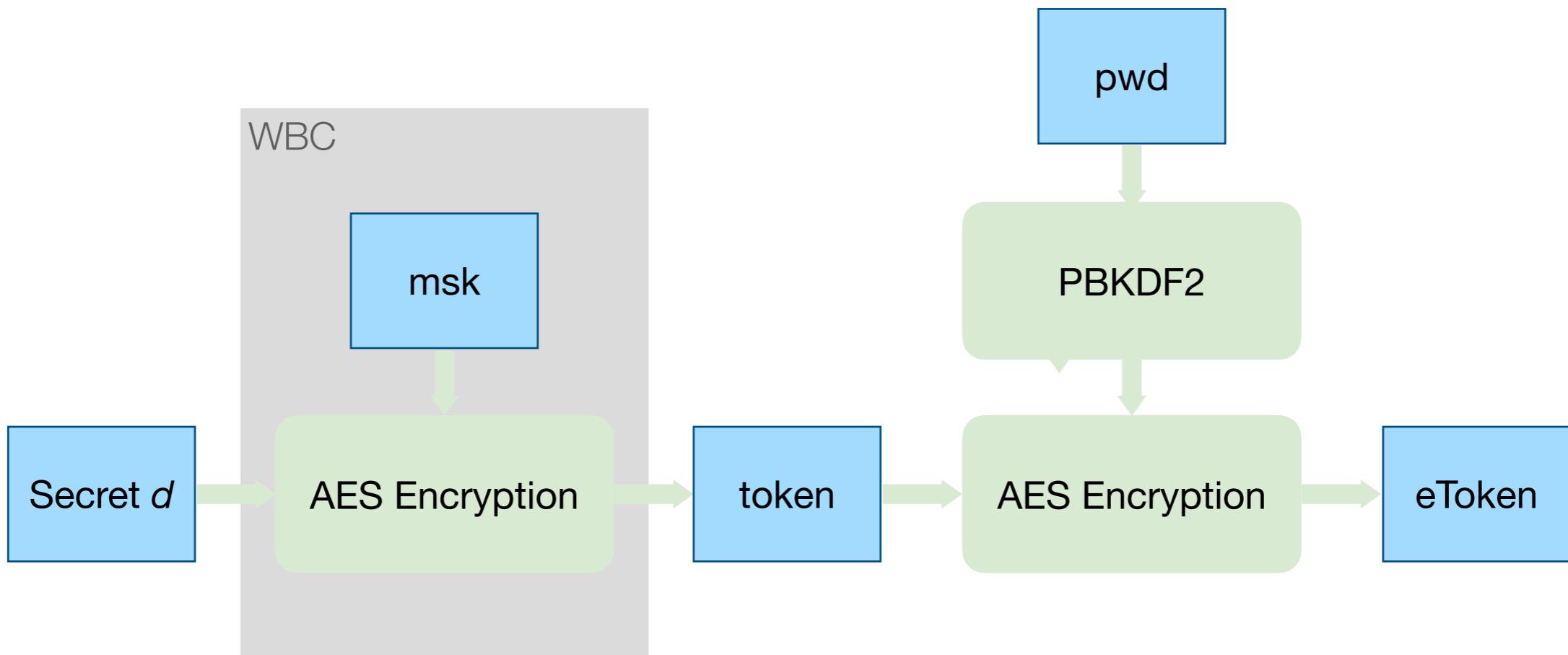
Overview of Architecture

- ◆ A token is a secure container for a key
 - generated by a trusted server
 - operated by a white-box signature generator

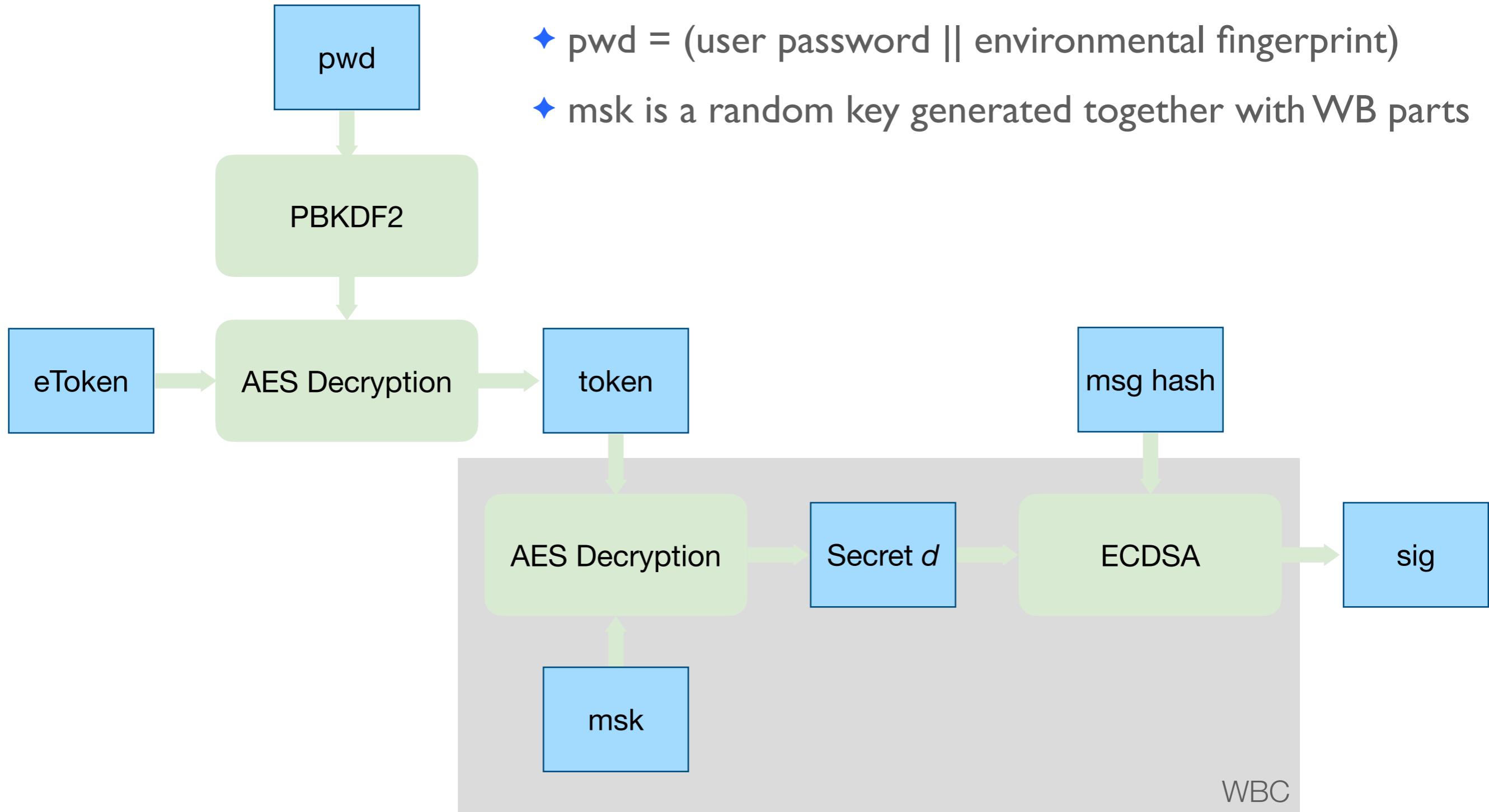


Server: token generator

- ◆ $\text{pwd} = (\text{user password} \parallel \text{environmental fingerprint})$
- ◆ msk is a random key generated together with WB parts



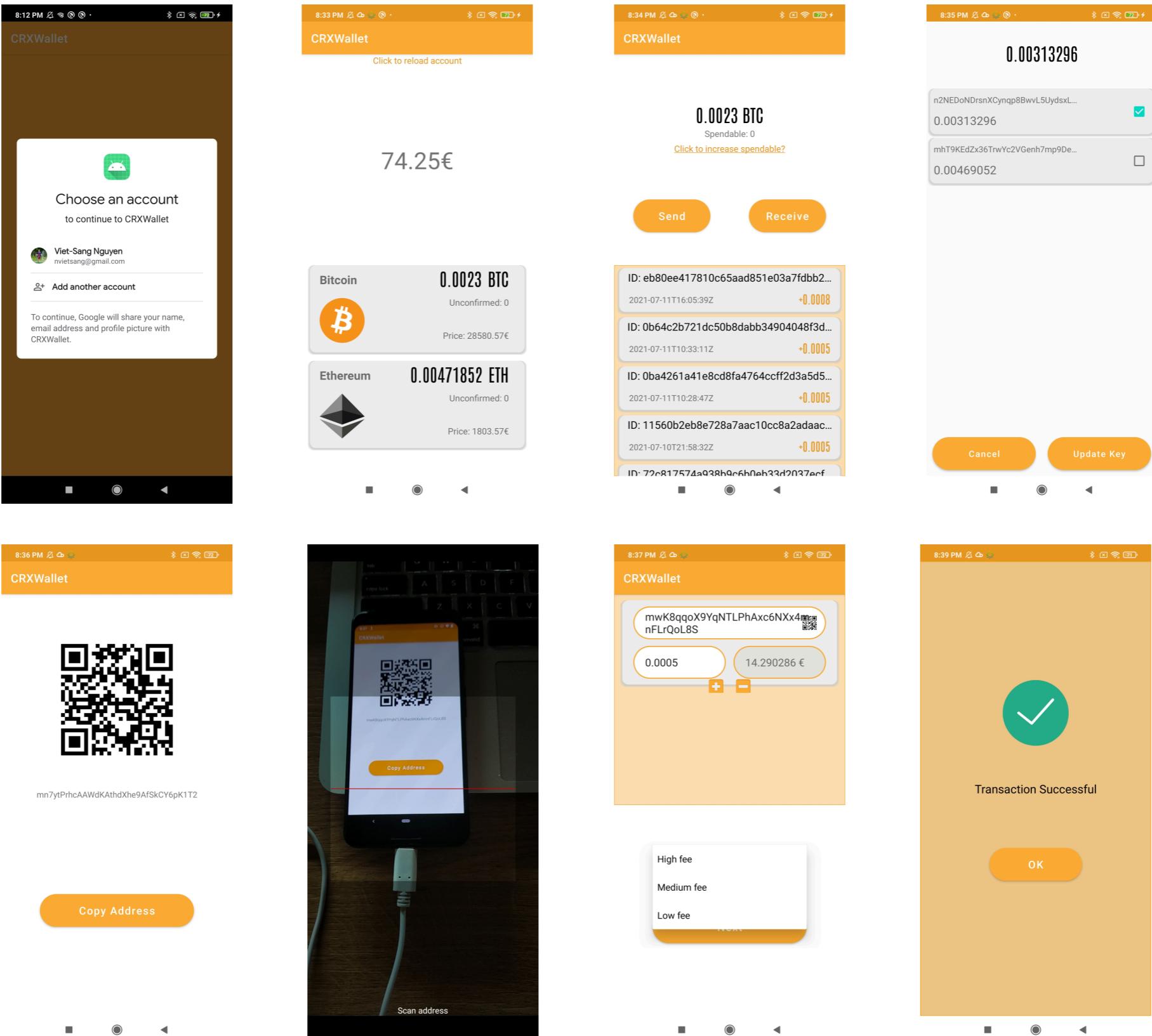
Wallet app: signature generator



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Screenshots



Demo available at: https://youtu.be/Y9EIZL_G5A8

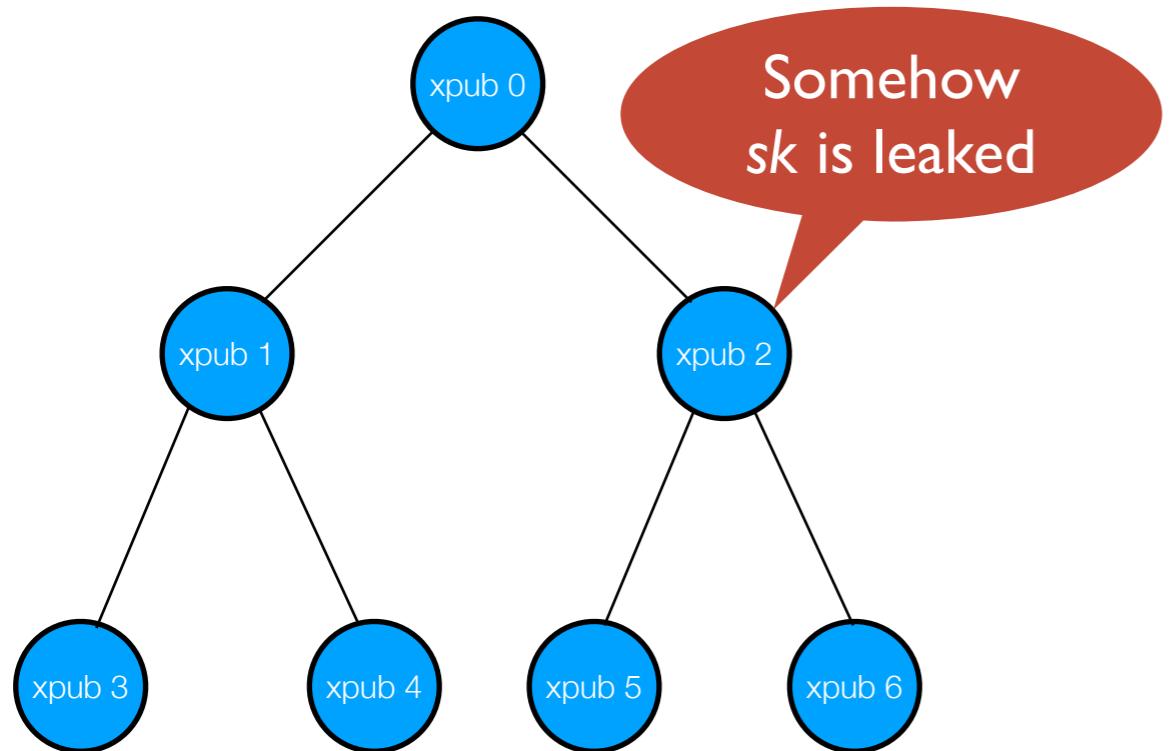
Summary

- ❖ Generation and management of keys in a wallet
 - Mnemonic code
 - Tree structure of keys
- ❖ Creation of a new Bitcoin (and Ethereum) transaction
- ❖ Architecture of a secure wallet application
 - Token generation
 - Token usage with white-box cryptography
- ❖ Survey attacks and countermeasures on ECDSA (not presented here)
- ❖ White-box ECDSA is still a challenge

Thank you
Any question?

Appendix

A possible risk



- ◆ Private keys of its children are revealed (xpub 5, 6)
- ◆ Private key of xpub 0 can be deduced
 - ▶ $(l, c_2) = \text{HMAC-SHA512}(xpub_0, i)$
 - ▶ $sk_0 = sk_2 - l$
- ◆ → Harden child key derivation

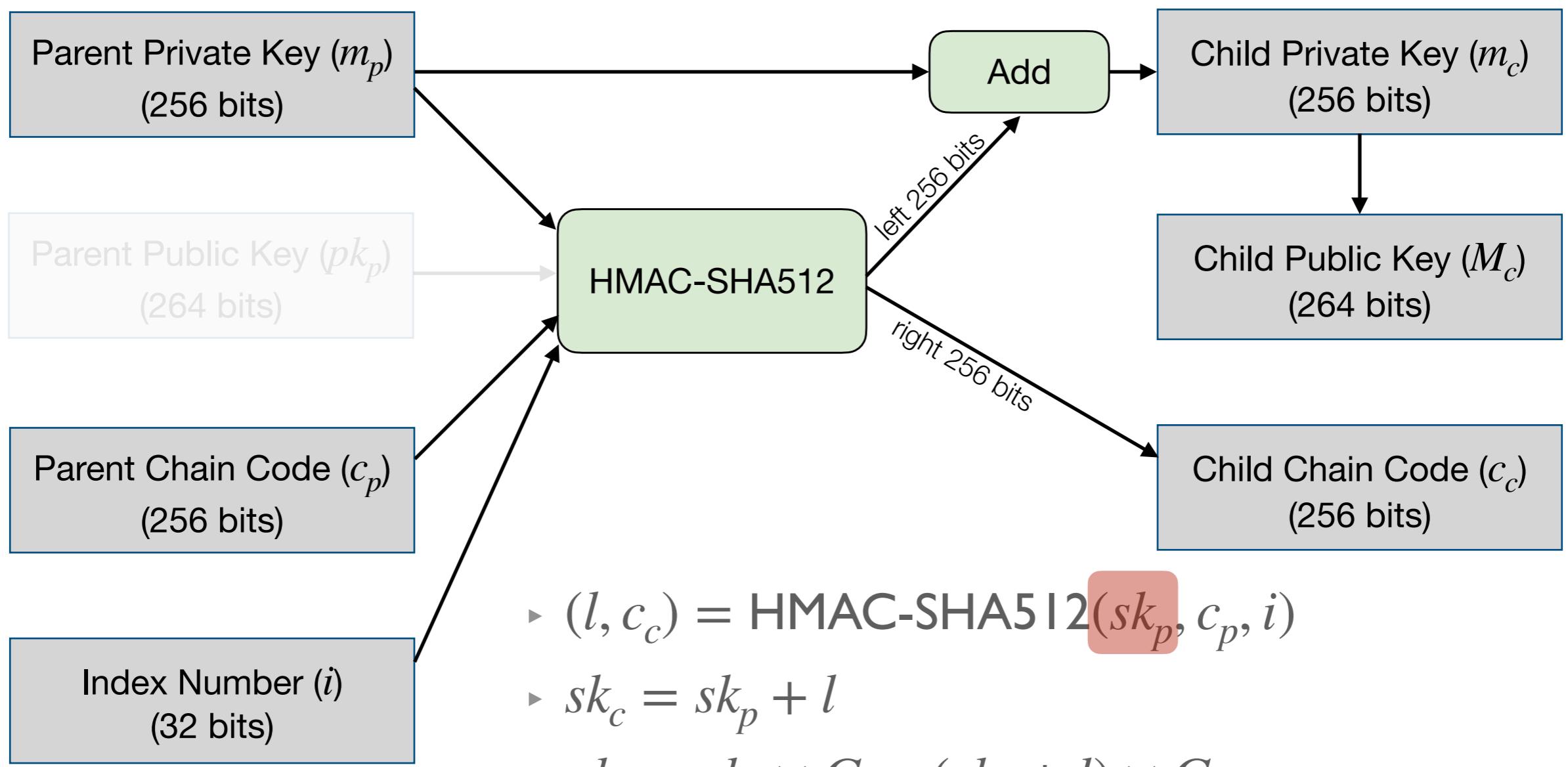
$xprv = (sk \parallel c)$

$xpub = (pk \parallel c)$

Same chain code in xpub and xprv

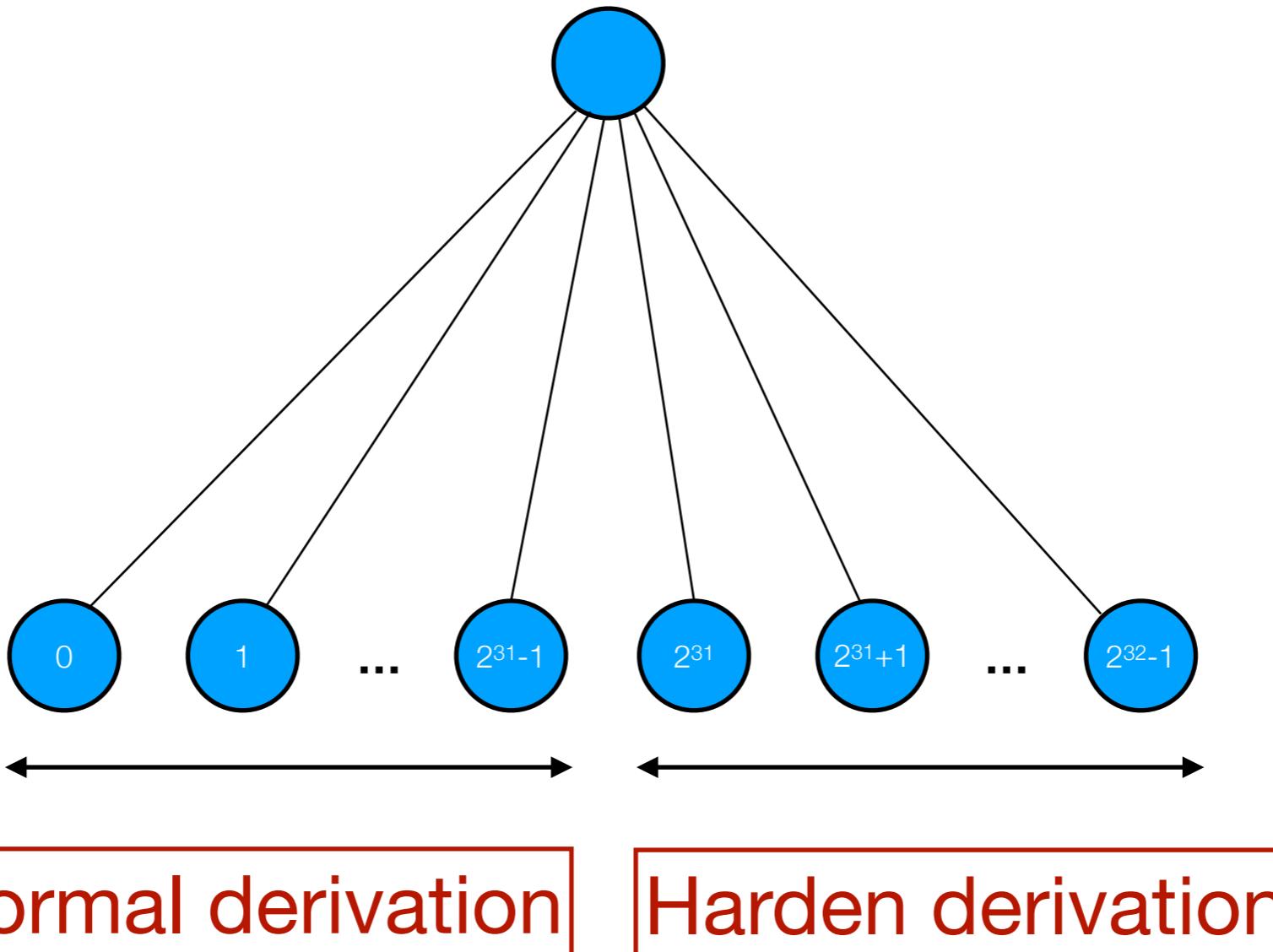
Harden child key derivation

- ◆ Break the relationship between parent public key and child chain code
 - ◆ Use parent private key to derive child chain code, instead of the parent public key
 - ◆ Cannot generate child public key without the need of private key anymore



- $(l, c_c) = \text{HMAC-SHA512}(sk_p, c_p, i)$
- $sk_c = sk_p + l$
- $pk_c = sk_c \times G = (sk_p + l) \times G$

Index Number



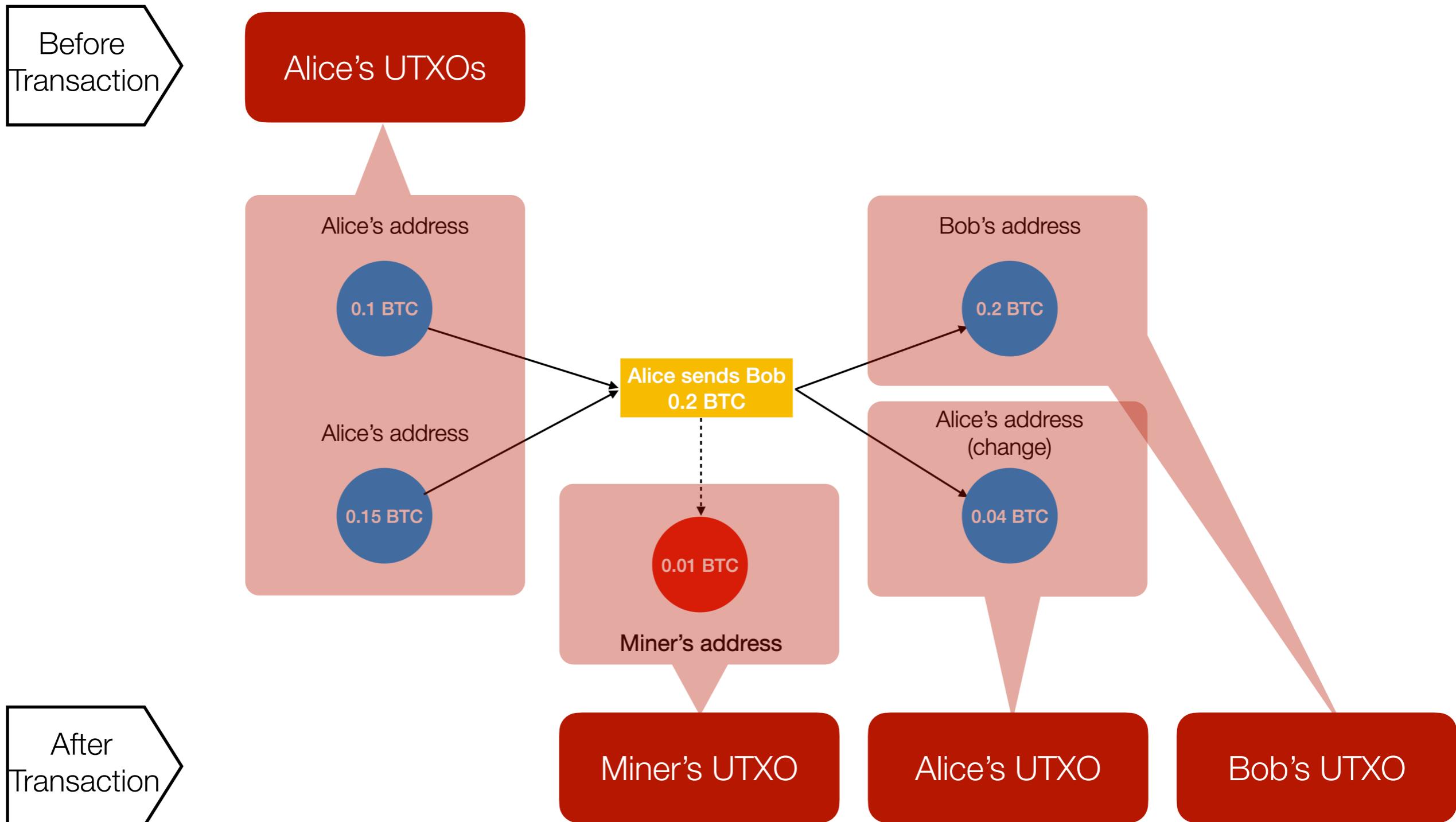
- ❖ Use prime symbol to denote index for a harden child
 - $i' = 2^{31} + i$
 - Example: $2' = 2^{31} + 2$

Transaction Fee

- ◆ $\text{Fee} = \text{Sum(inputs)} - \text{Sum(outputs)}$
- ◆ Calculated based on the size of transaction
 - ▶ A block has a limited size (1 MB)
 - ▶ Miners want to include many transactions in a block
 - ▶ Large-size transaction (may) contains many inputs, which needs more efforts to refer to
- ◆ Use API to know suitable fee (satoshi/byte)

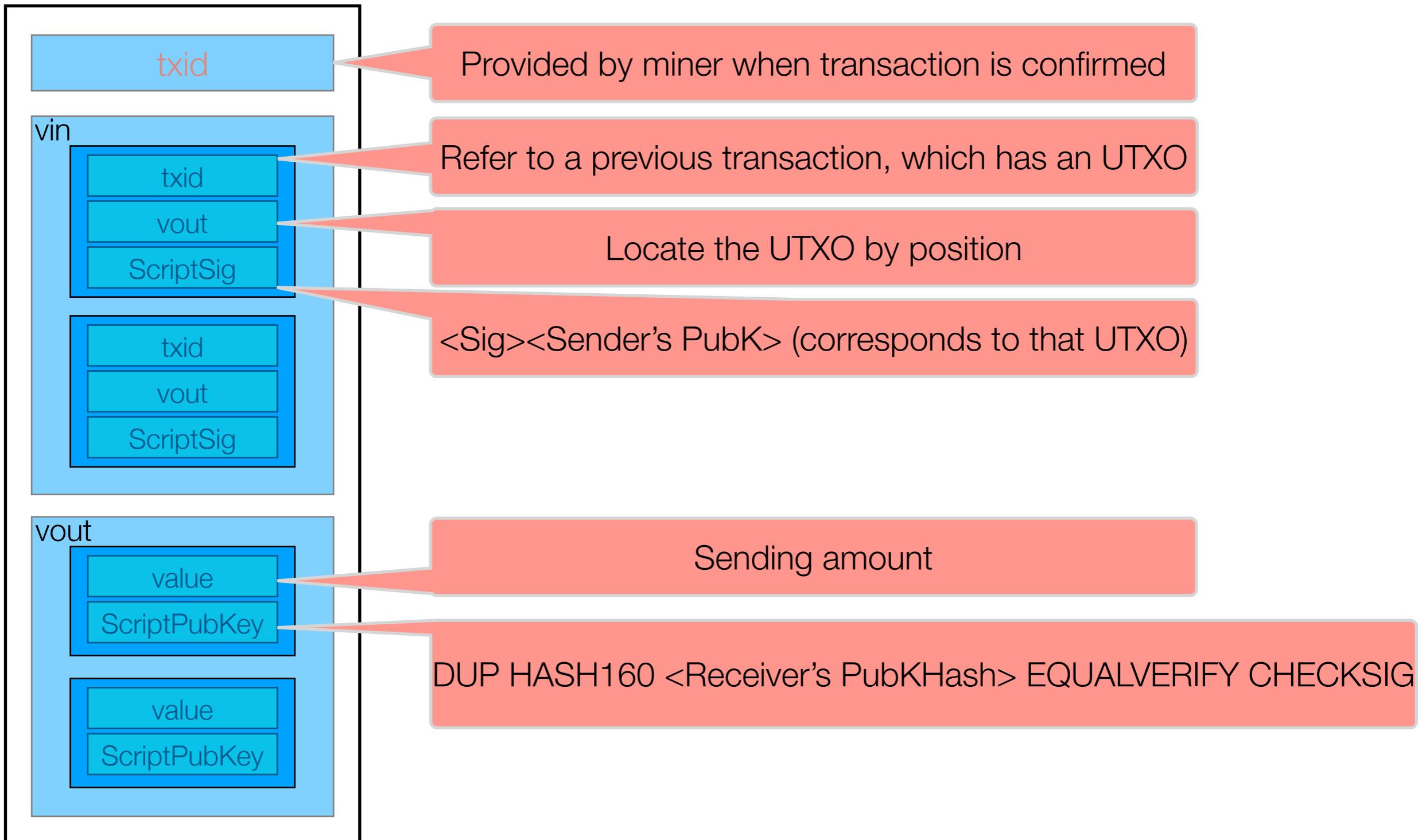
Unspent Transaction Output (UTXO)

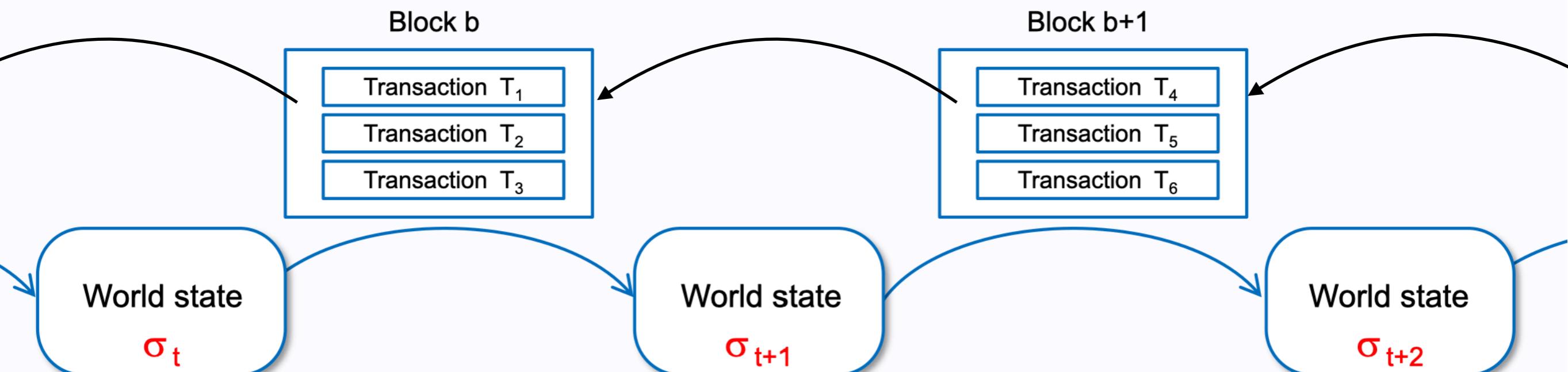
- ◆ UTXO refers to a transaction output that can be used as input in a new transaction

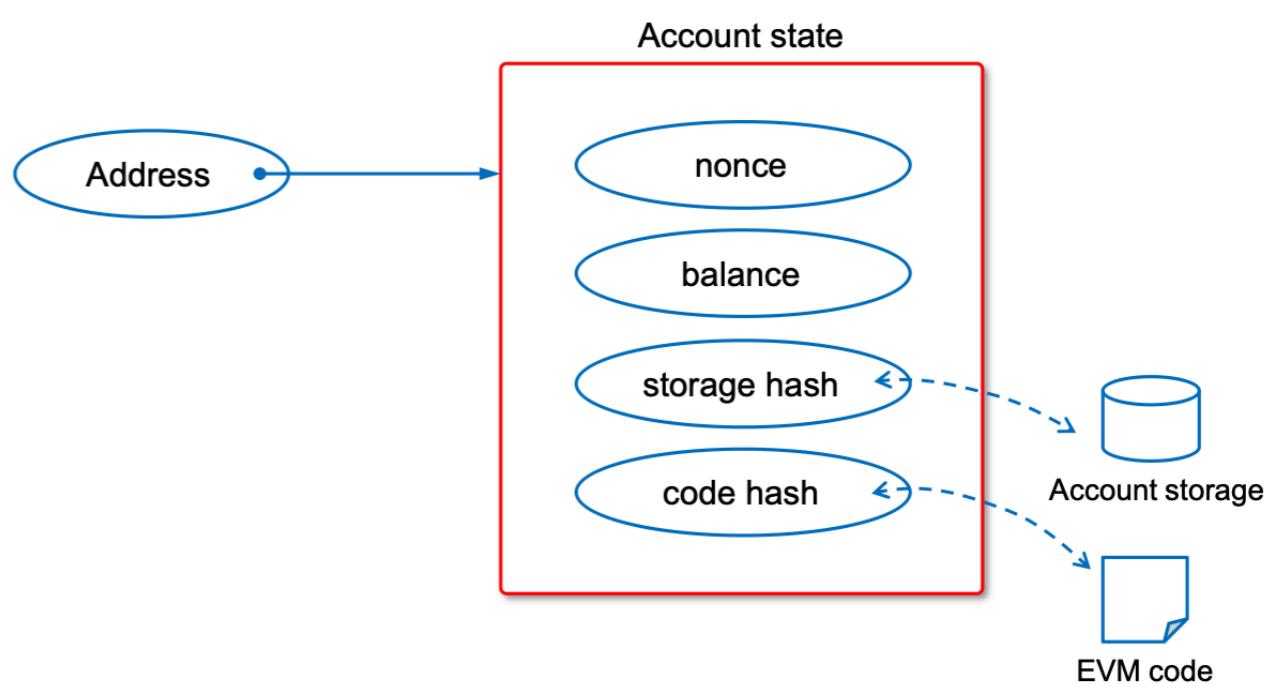
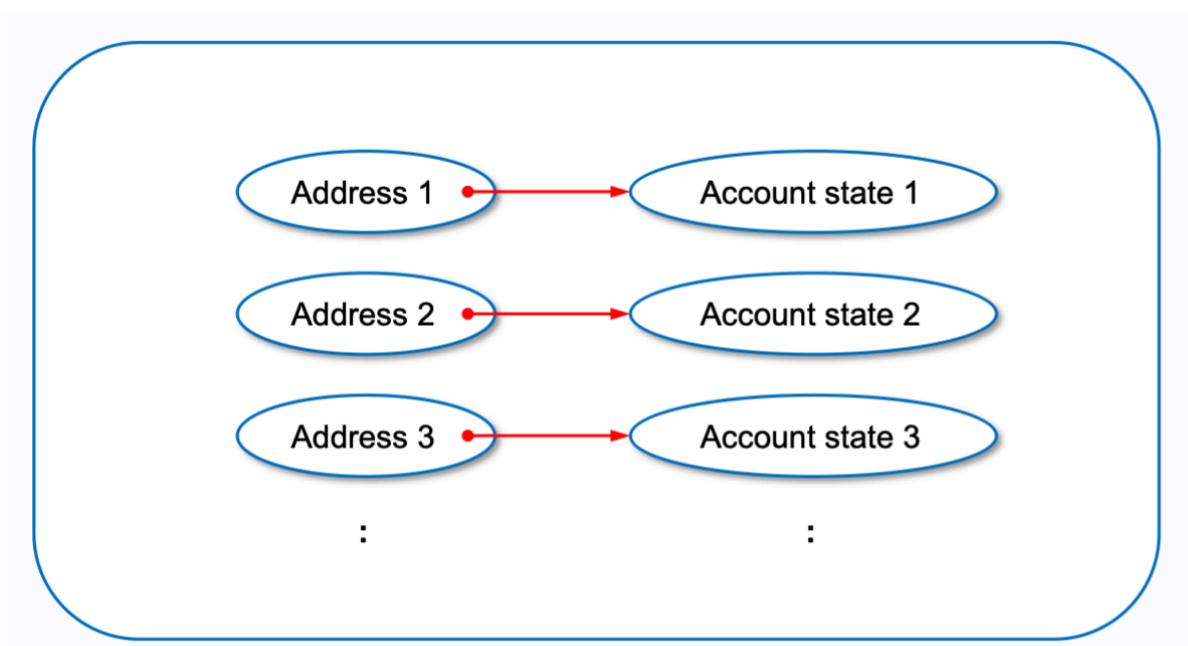


Transaction in detail

- ◆ Example: a transaction with 2 inputs and 2 outputs

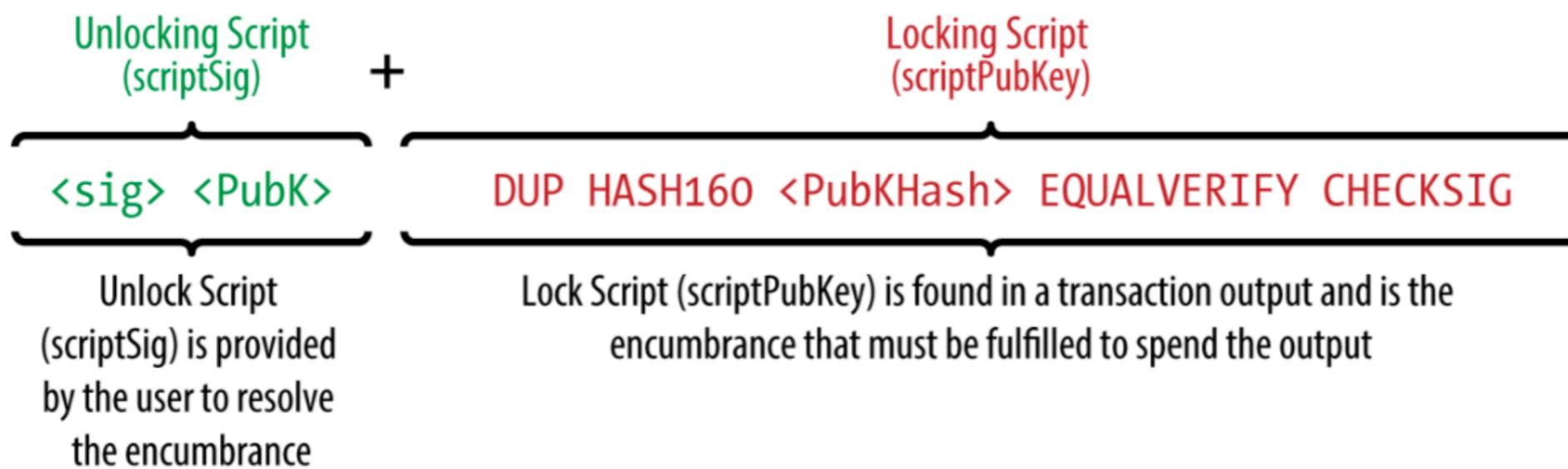






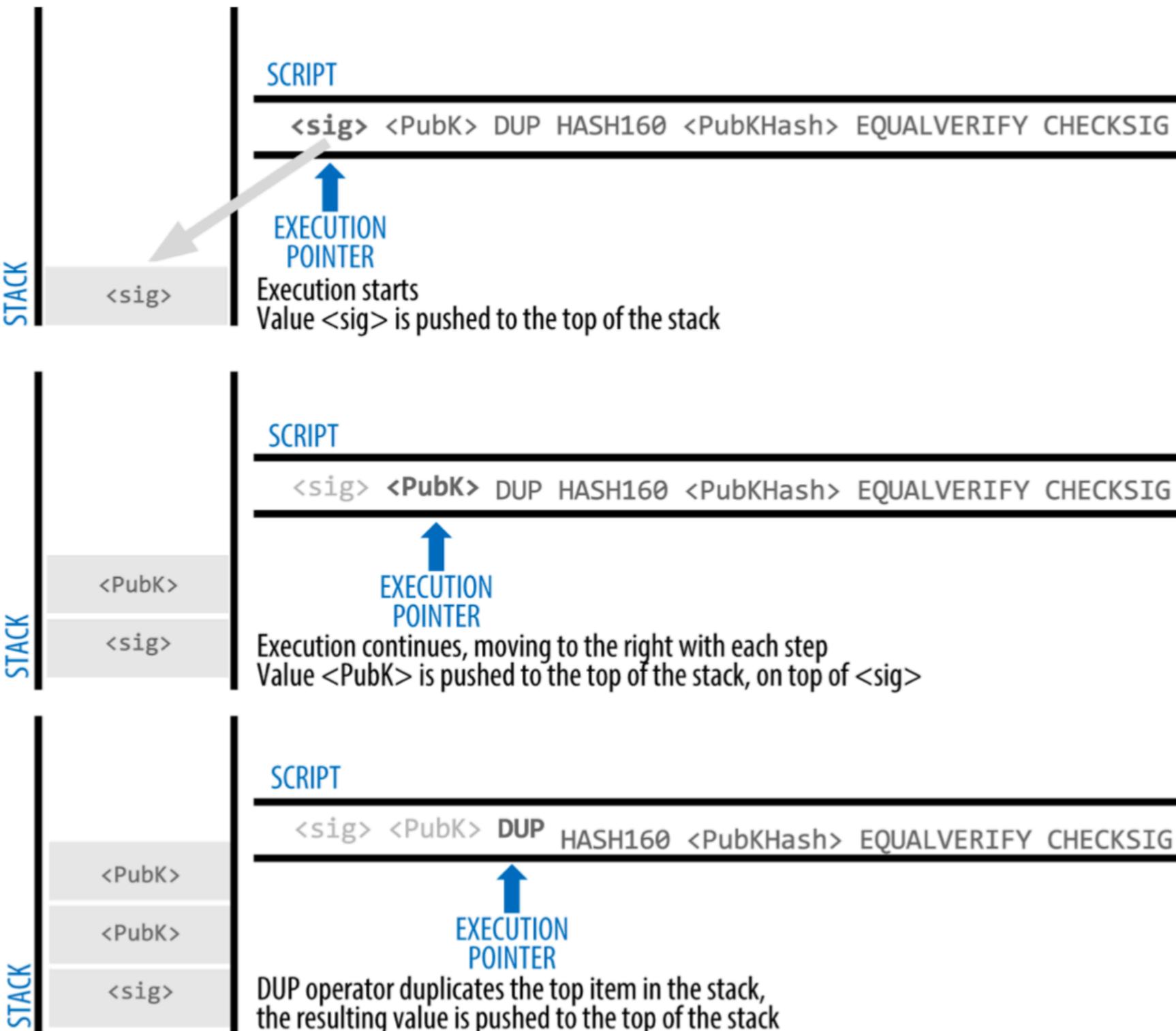
How to validate this transaction?

- ◆ Concatenate ScriptSig and ScriptPubKey

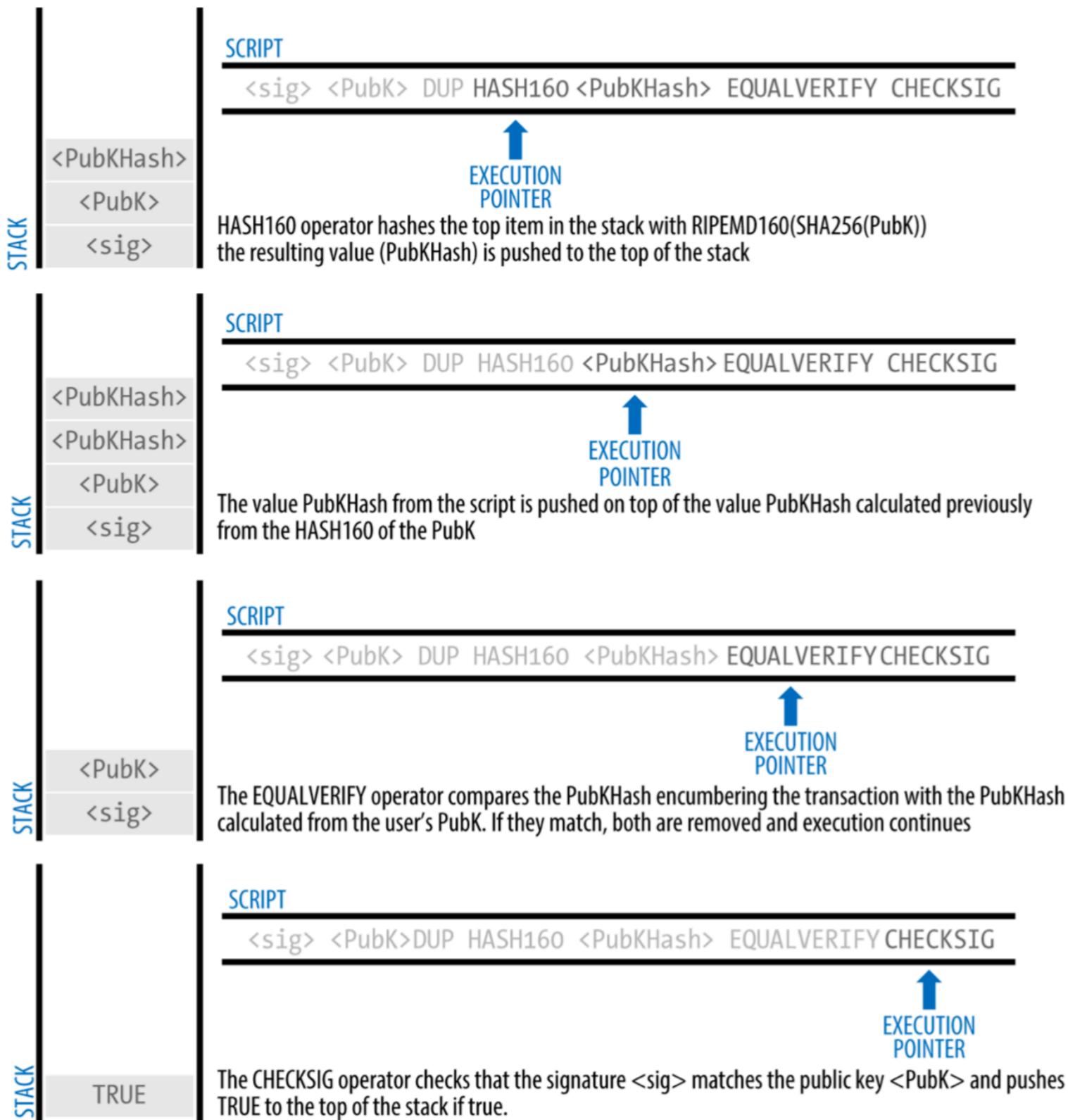


- ◆ Execute a program by a stack
- ◆ If it returns true, the transaction is valid

Validate transaction by Stack



Validate transaction by Stack



<PubK>
<sig>



<sig> <PubK> DUP HASH160 <PubKHash> EQUALVERIFY CHECKSIG

scriptSig scriptPubKey

<PubK>
<PubK>
<sig>



<sig> <PubK> DUP HASH160 <PubKHash> EQUALVERIFY CHECKSIG

scriptSig scriptPubKey

<PubKHash>
<PubK>
<sig>



<sig> <PubK> DUP HASH160 <PubKHash> EQUALVERIFY CHECKSIG

scriptSig scriptPubKey

<PubKHash>
<PubKHash>
<PubK>
<sig>

<sig>	<PubK>	DUP	HASH160	<PubKHash>	EQUALVERIFY	CHECKSIG
scriptSig			scriptPubKey			



<PubK>
<sig>

<sig>	<PubK>	DUP	HASH160	<PubKHash>	EQUALVERIFY	CHECKSIG
scriptSig			scriptPubKey			

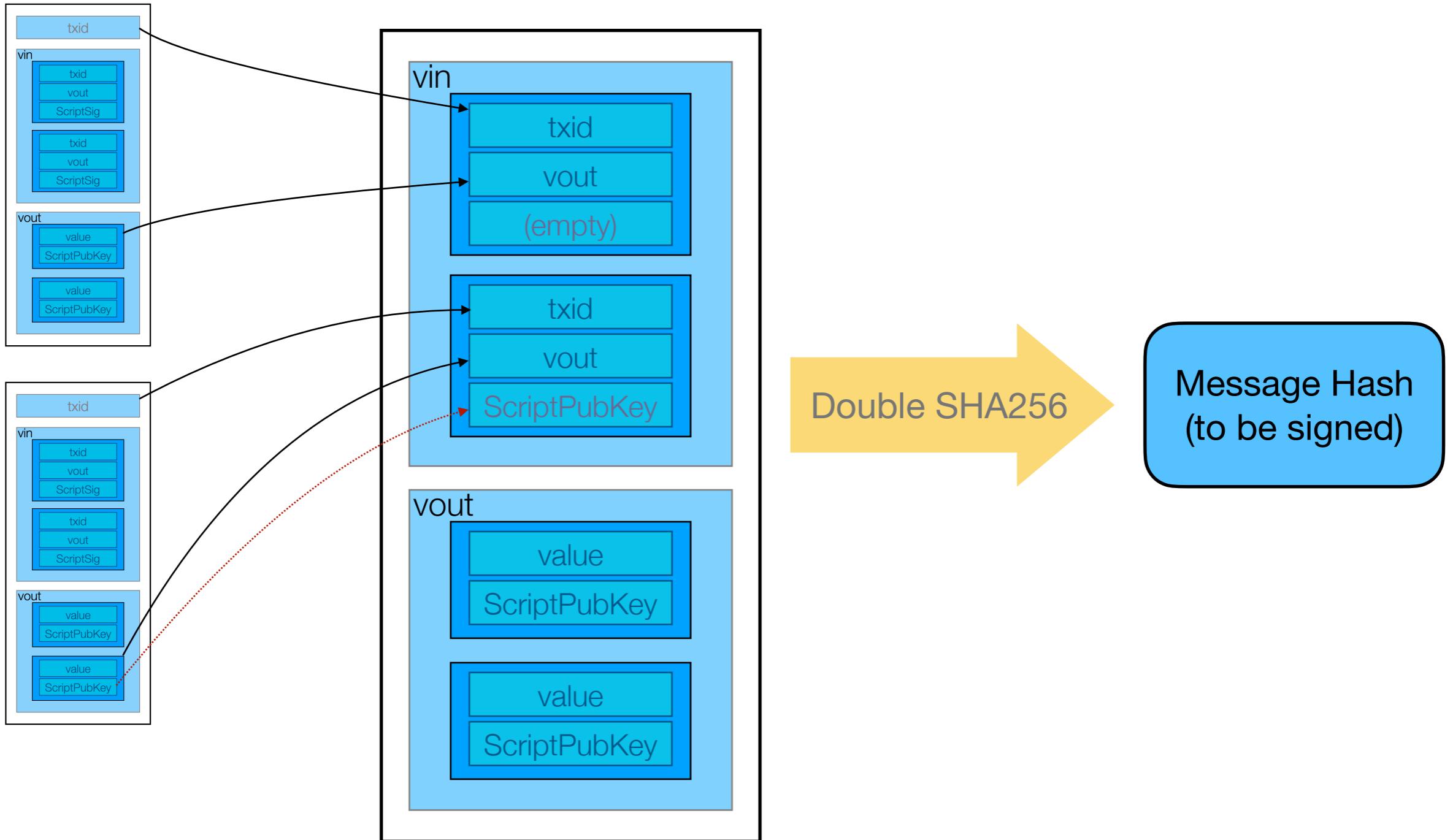


TRUE

<sig>	<PubK>	DUP	HASH160	<PubKHash>	EQUALVERIFY	CHECKSIG
scriptSig			scriptPubKey			



Transaction in detail



WhibOx Contest 2021

contest2021.whibox.io

Welcome back,Yoptimus

Dashboard

REGISTERED USERS: 81

CHALLENGES: 97

BROKEN! / STANDING: 97/0 (100%)

BREAKS: 890

Challenges

Challenges ranking by strawberry scores

Show 25 entries	Search:									
Rank ↑↓	id ↑↓	Name	↑↓	Peak ↑↓	User	↑↓	Status ↑↓	Performance ↑↓	Public Key	Proof of knowledge
1	227	keen_ptolemy	↑	20.39 🍓	zerokey	↑	Broken!	10.68	view	view

WhibOx Contest 2021

contest2021.whibox.io

Banana Scores

Your challenge breaks

Date ↑↓	User ↑↓	Strawberries ↑↓	Challenge Name	↑↓
2021-08-20 10:11 UTC	You!	0.00 🍓	practical_cori (139)	
2021-08-20 10:06 UTC	You!	0.00 🍓	amazing_aryabhatta (185)	
2021-08-20 10:06 UTC	You!	0.00 🍓	optimistic_jennings (174)	
2021-08-20 10:05 UTC	You!	0.00 🍓	wonderful_roentgen (187)	
2021-08-20 10:03 UTC	You!	0.00 🍓	nifty_lamport (235)	
2021-08-				