# A Decentralized financial system

**Summary of the foreword**

The subprime crisis hit the world economy and infrastructure hard in 2008, and unemployment in the United States rose to its highest level in two decades. The next year, the economy remained depressed, and many governments launched quantitative easing to increase the base money supply.

Bitcoin's white paper was born against this backdrop, and over the past decade it has launched an ongoing campaign for financial centralization. Facebook's Libra blockchain white paper has pushed the campaign to the next level.

Decentralized finance (Decentralized Finance, DeFi) uses blockchain technology to significantly lower the barriers to access to a wide range of financial services, making them more open, decentralized, censor-resistant and borderless.

DeFi represents a new area of financial technology that will fundamentally reshape the modern financial structure and create an open financial system that benefits all of us.

As the foundation of Open Finance (DeFi), blockchain is the underlying technology. First, in order to counter the monopoly of large companies, DeFi uses basic technologies that are not controlled by central entities, but are made up of decentralized, point-to-point networks --- i.e., blockchain.

Blockchain is a distributed account book that is typically maintained by nodes in a point-to-point network. Depending on the number of nodes and the difference in access, blockchain can be used by anyone.

Blockchain-based decentralized networks are not controlled by a single power, but by code rules. As long as a transaction meets the conditions set out in the code, the transaction will be processed. Once a transaction is validated, packaged, and confirmed, it becomes a secure, repeatable, and permanent record on the blockchain.

All participants using the same blockchain can view and validate the individual transactions that have occurred, so that each participant can implement point-to-point transactions on the chain without relying on traditional central institutions or trusted third parties, thereby reducing the concentration of power, improving the

efficiency of the use of resources and significantly reducing transaction costs.

Open Finance offers a more diverse range of services with more possibilities: such as lending platform Compund, risk hedging Etherisc, margin trading Opyn, and financial derivatives dYdX, all built on de-centralised platforms with no intermediaries or clearing house, significantly reducing the need for trusted third parties and sometimes without the need to trust any tangible institution at all.

Since the history of mankind, although the traditional financial system has created great wealth for mankind and changed the way of human existence, the development and continuous progress of all human society, the monopoly of traditional financial institutions and the central management of government often lead to the unfair distribution of resources of all mankind, often making it easier for only those with resource advantages to obtain financial support.

And the invention of Bitcoin, the birth of blockchain technology, the emergence of deficturing finance (DEFI), is about to completely break the millennium, and then build a new free, democratic and fair world. Give everyone the opportunity to achieve equal wealth

growth.

**Reflections on the Development of Centered Finance**

In the past, we've seen DeFi's many applications move rapidly, with mortgages for each application rising nearly a thousand-fold from $174 million two years ago to $17 billion today. DeFi applications, which are still very small, are just getting started. Less than 1% of the size of the entire crypto asset.

De-centric finance as the main application scenario of blockchain, in the future has endless potential, the current traditional financial giants not only began to study related technologies, but also in cooperation with blockchain companies, hoping to avoid their own new technology subversion.

This revolution of de-centralized finance, first of all, brings people to universal finance, and brings the possibility of narrowing the gap between the rich and the poor.

For example, in some underdeveloped regions of Africa, political instability, currency devaluation, poor infrastructure and lack of conditions for commercial banks, let alone other financial services.

Africa's Internet facilities are lagging behind, but mobile Internet is growing rapidly, with 50 per cent of Africans now owning mobile phones. Anyone with a smartphone and access to the mobile Internet can use the services above DeFi.

As long as holding stable currency can use financial management, lending and other products, not only to achieve wealth preservation, value-added, but also to achieve a certain amount of borrowing and other financing services.

Second, the products of the centered finance are blockchain-based, cross-border transfers and payments no longer need to go through the bank, not only to the accounting speed, but also the handling fee is close to zero. By contrast, intermediaries such as Western Union and SWIFT pay a 7-10% handling fee.

## Ⅰ、**Challenges faced by DEFI**

DeFi applications not only improve the efficiency of social functioning, but also enable more efficient allocation of resources. DeFi offers endless possibilities for future finance and society, but it also presents challenges for users.

The use of blockchain and DeFi requires a certain amount of scientific and financial knowledge, for ordinary users, it is difficult to get started, knowledge of science is very important, due to the introduction of public and private key encryption system, improper protection is easy to lead to asset loss, and recovery and recovery will be very difficult, how to ensure function, security under the premise of designing a low threshold, the use of simple products, is the soul of the project.

## Ⅱ、The status quo of blockchain development

Blockchain technology has gone from the digital currency of the 1.0 era, the digital currency plus smart contracts of the 2.0 era, to the 3.0 era of today, the era of the credit society.

We are now moving towards an untrustworthy credit society-era economic model that does not require exchange by third-party agencies.

Blockchain technology has evolved from the 1.0 era to the 3.0 era today, and the acceptance of individuals, companies and governments has grown to a global scale. The momentum of rapid development is abnormal, a blockchain revolution is coming!

**III、The centralization of finance**

DeFi, full name Decentralized Finance, refers to the development of a decentralized financial system using open source software and distributed networks, public blockchains such as Bitcoin and Ethereum.

DEFI's conversion of traditional financial products into services that operate without third parties and without intermediaries is designed to change the traditional financial system by introducing a de-centralization layer to de-mediat, eliminating intermediaries, and eliminating third parties.

**Ⅳ、Traditional financially unequal services**

Mainly refers to the individual's access to financial services such as loans, mortgages and insurance. Those who have difficulty or access to financial services are often referred to as "people without bank accounts" ("unbanked").

A centred financial system designed to address this issue and ensure that these applications are accessible to all; All you need is a smartphone and an internet connection.

In the case of cross-border payments, for example, when a person sends money to a person located in another country, it is generally usually required to find a financial institution (e.g., a bank) to complete the payment task, but the financial institution (bank) charges a fee in return.

"To become a centred finance, the entire remittance process can be mediated, and he or she sends digital currency directly from his or her wallet account to the payer, anywhere in the world, and these operations do not require any financial institution to provide intermediary services."

**V、The difference between centralization and centering**

The difference between a centrified app and a centered app, such as Facebook, Twitter, YouTube, these are centralized apps, and to use them, users must rely on a centralized entity company or organization that owns and operates those networks.

The birth of the centered finance is to realize the ddiscing through the network architecture (block connection) of the center, and is committed to creating a globalized, open, free and centered

financial system.

## Ⅵ、Traditional financial reviews

For specific interests, governments, financial institutions, or third-party organizations close the accounts of individuals or companies and restrict their transactions.

For example, if someone or company dares to publicly disagree with government policy, the government can silence companies or individuals by restricting their access to basic financial services. In the name of bank account services, a company needs to pay for employees and other expenses through a bank account, without which it can lead to bankruptcy.

On the contrary, because a financial centre is essentially a centre, there is no need to examine who is using it.

In the case of lending, if a financial institution wants to review a person, they can deny him or her a loan application to limit his or her access to credit. However, with de-centralized financial lending agreements, we personally no longer need to rely on any financial institution or third party to obtain loans, but will instead have

access to lending services throughout the world.

## Ⅶ、Core technologies for the centred financial system

### 1、Blockchain:

Blockchain is a distributed shared ledger and database, with the characteristics of centered, non-tamperable, full trace, traceable, collective maintenance, open and transparent, distributed data storage, point-to-point transmission, and so on

DeFi is developed based on public blockchain, user engagement thresholds are low, and Access to DeFi products will come from all over the world, with participants and developers anonymous.

### 2、The centering:

Blockchain technology does not rely on additional third-party management agencies or hardware facilities, there is no central control, in addition to the self-contained blockchain itself, through distributed accounting and storage, each node to achieve information self-validation, transmission and management.

### 3、Open and transparent:

The basis of blockchain technology is open source, in addition to the private information of the parties to the transaction is encrypted, blockchain data is open to everyone, anyone can query blockchain data and develop related applications through an open interface, so the entire system information is highly open and transparent.

**4、Independent:**

Based on consensus specifications and protocols (mathematical algorithms such as the hash algorithm used in Bitcoin), the entire blockchain system does not rely on other third parties, and all nodes can automatically and securely validate and exchange data within the system without human intervention.

**5、Anonymous:**

Unless required by legal regulations, the identity information of each block node does not need to be disclosed or verified technically alone, and the information registration transfer can be carried out anonymously.

**6、Non-symmetric encryption:**

The information created and stored on the blockchain is public, but the account identity information is highly encrypted and accessible

only with the authorization of the account owner, thus ensuring the security of the account and the privacy of the individual.

**7、Consensus mechanism**

Blockchain's consensus mechanism has the characteristics of "minority obeying majority" and "equality for all", in which "minority obeying majority" does not refer entirely to the number of nodes, but can also be the amount of computing power, equity or other characteristics that computers can compare. "Equality for all" is when the node meets the conditions, all nodes have the right to give priority to the consensus results, directly recognized by other nodes, and may eventually become the final consensus results. Bitcoin, for example, uses workload proof that it is only possible to forge a non-existent record if it controls more than 51% of the network's bookkeeping nodes. When there are enough nodes to join the blockchain, this is largely impossible, eliminating the possibility of fraud.

**Ⅷ、Smart contract:**

Smart contracts are based on this trusted, non-tamperable data and automate the execution of pre-defined rules and terms.

In the case of insurance, if everyone's information, including medical information and risk information, is true, it's easy to automate claims in some standardized insurance products. In the area of insurance claims, insurance institutions are responsible for the collection of funds, investment, claims, often higher management and operating costs. With the application of smart contracts, there is no need for the policyholder to apply, no need for insurance company approval, as long as the trigger of claims conditions, you can achieve automatic policy claims.

## Ⅸ、**Distributed ledger:**

Distributed ledgers refer to transaction bookkeeping that is done by multiple nodes located in different locations, and each node records a complete account, so that they can participate in monitoring the legality of the transaction and can testify together.

Unlike traditional distributed storage, the uniqueness of blockchain distributed storage is mainly reflected in two aspects: First, each node of blockchain stores complete data in accordance with the blockchain structure, traditional distributed storage is generally divided into multiple parts of data according to certain rules, and second, blockchain each node storage is independent, equivalent

status, relying on consensus mechanism to ensure the consistency of storage, while traditional distributed storage is generally through the central node to other backup nodes synchronization data. No single node can record ledger data individually, avoiding the possibility that a single bookkeeper could be controlled or bribed into false accounting. It is also because there are enough billing nodes to ensure the security of the account data.

## Ⅹ、DAO

The Decentricized Autonomous Organization, sometimes referred to as the Distributed Autonomous Corporation, is an organization represented by rules encoded as computer programs that are transparent, controlled by shareholders or token holders, and are not influenced by the central body. Everyone in the DAO can issue proposals and vote to make decisions.

ADFS DAO is an open and unconscionable organization that is not controlled by hierarchical central authority, operates automatically according to pre-set procedure rules, and gives all stakeholders in the network a voice. Anyone with Internet access can hold ADFS tokens, and users can participate in ADFS project governance proposals and votes through ADFS, which are not limited to project

destruction mechanisms, production reduction mechanisms, rights issue mechanisms, mine quotas, machine gun pool strategies, etc.

## Ⅺ 、IPFS storage:

IPFS is a centered distributed storage infrastructure that serves as the underlying support for the blockchain. IPFS's vision is to replace HTTP and build a better, more centralized network. Google's Chrome, Mozilla's Firefox have all implemented IPS protocol support, and many blockchain projects use IFS as infrastructure, such as Bitcoinfile.

## Ⅻ、the characteristics of the centralized financial system:

1、Exempt from authorization: the network is open to the world (no central party authorization required)

2、Centering: Records are stored on thousands of computers at the same time

3、Highly credible: no central party needs to confirm the validity of the transaction

4、Highly transparent: All transactions are open and auditable

5 、 Anti-censorship: the central party can not disable the user account.

## ⅩⅢ、the advantages of the centred financial system:

### 1、Global financial services

Unsymed finance allows anyone to access financial services via the Internet or smartphones, and the traditional financial sector has a high threshold for users:

Identity: identification, documents, certificates, etc.

Wealth: Some financial services are only available to high net worth clients

Geography: Financial service providers cannot be too far apart from physical enterprises

In a centred financial system, gold traders at financial firms are no different from the services enjoyed by farmers in remote parts of India.

### 2、 Cross-border payments

The ability to centralize finance, as the name suggests, omits expensive intermediaries and effectively reduces the costs and costs of international remittances.

In traditional finance, the cost of cross-border remittances is extremely high: the average cost of cross-border remittances is 7 per cent. By centralizing the financial system, the cost of international remittances could be reduced to less than 3 per cent.

**3、Privacy and security**

In a centred financial system, users keep their property and can conduct secure transactions without central verification. At the same time, in traditional finance, custodians are responsible for keeping users' property and information, and in the event of a leak, the consequences are unimaginable.

**4、 Anti-censorship of transactions**

Unconsced finance ensures that transactions cannot be changed. Blockchain cannot be shut down by a centralized institution.

In countries with poor governance or political instability, people can use de-centralized finance to protect their property. Venezuela, for example, is experiencing a sharp devaluation of its currency, with people buying bitcoins to preserve assets from government manipulation and hyperinflation.

**5、The operation is easy to understand**

The process of the centralized institution is too complicated and cumbersome, and the centered finance can provide users with simpler and more convenient services.

For example, a client in the Philippines can get a loan from the U.S. through an interactive application for centered finance, invest in a business in Colombia, repay a loan, and buy a home.

## ⅩⅣ、Development issues and bottlenecks in the financial system of the centre

1、The initial development, most users of its low level of awareness, the number of users is small.

2、Relative to traditional financial products, the use of difficult, high cognitive requirements for users, affecting the development of DeFi speed.

## ⅩⅤ、ADFS to the centralized financial system:

ADFS, a dwindizing financial system came into being, a globalized financial revolution is coming, a full line of products, to create a global chain of financial giants!

A centred financial system is a container of funds, the size of which largely determines the value of the system.

One of the most important things about retaining more money in

this unsymarily centralized financial system is to meet the different needs of fund users.

ADFS, a deeply centralized financial system, relies on blockchain technology, smart contracts, ipFS storage, 5G applications, multi-level incentives as a means of access, openness, and community autonomy, committed to creating the world's first cutting-edge financial system, products related to liquidity mining, wealth management, insurance, lending, derivatives and so on.

## ⅩⅥ、ADFS product matrix:

### 1、 Fantastic Farm liquidity mining

ADFS, the first phase of which generates the initial governance token ADFS through liquid mining, attracts a large number of users to participate in this de-centralized financial revolution.

Liquidity mining to generate initial tokens is a fairer, more transparent way to quickly help ADFS acquire initial users.

### 2、EarnCollection earnings aggregator

ADFS Earn is an automatic selection of the highest yield aggregators

that siphon the value of each DeFi product with the goal of maximizing the return on the assets held in a lossless manner.

ADFS EarnCollection automatically provides a list of revenue strategies that are considered to be the best in the current market based on procedural filtering, and also discovers cross-protocol arbitrage opportunities, a process that actually aggregates the various DeFi products in the current market.

In addition, ADFS Earn allows users to provide their own policies (with a certain amount of ADFS) that can be shared by the policy proposer after a community vote has been approved as an alternative revenue strategy.

**3、Financial Energy Investment Financial Enhanced Insurance**

ADFS's insurance business, on the basis of insurance, adds aggregator farm and ern of underwriting pools and insured pools, which allows insurers to earn additional benefits on top of the underlying premium income, while also allowing the insured to earn a certain amount of income on the basis of risk transfer. Participation in ADFS insurance does not require KYC, and the scope of business covered includes chain contracts and chain assets, i.e.

the risk of contractual safety incidents and the credit risk of assets can be covered. Insurers can become insurers simply by depositing stable-value assets into the "underwriting pool". The insured can buy insurance simply by depositing risk assets into the Insured Pool. Funds will be paid regularly to the insured pool as premiums in the insured pool. When the risk occurs, the insured may file a claim with the Claims Commission, and upon the adoption of the claim, the corresponding assets in the underwriting pool will be paid to the insured pool.

**4、LightingLend one-click aggregate lending**

ADFS's one-click aggregation lending service brings together mainstream DeFi lending platforms such as MakerDAO, Compound, Dharma, dYdX, and more. This will greatly expand the underlying assets available for borrowing, enhance the liquidity of the user's assets, and also select the best interest rate and reduce the user's borrowing costs. At the same time, the occurrence of lending behavior in the chain, as well as good repayment performance, can be used as a "credit behavior" and participate in the behavior mining.

In the future, the ADFS team will develop chain unsecured credit

agreements based on credible predictors, which will open up new chain lending markets and significantly increase the size of lending on the chain. The product objective is to calculate the consumer credit risk by desensitizing the data of the centralized data provider under the chain through trusted calculation, and then pass it into the credit loan agreement, connecting the credit behavior under the chain and the financial behavior under the chain.

**5、 Cross-chain aggregator, support multi-chain currency**

As Polkadot, Comos, and other public-chain eco-projects open up the trend of liquid mining, cross-chain liquid mining is gradually revealed. The ADFS de-centralized financial system will develop its own tokenization cross-chain technology and ultimately de-centralize asset cross-chain by supporting ETH, BNB Smart Chain, BTC, Wave Chain, Polkadot, etc.

Support ETH, USDT, HT, BNB and other multi-chain mainstream currency pledge in cross-chain polymerization mining to produce ADFS.

**ⅩⅦ、ADFS Community Autonomy:**

When the ADFS's centred financial system is officially launched, it

will be fully community-based and control will be truly handed over to community governance.

## ⅩⅧ. ADFS Token Economic Model:

ADFS is the governance token of the ADFS de-centralized financial system, with a total of 21 million permanently set and never issued.

**I、Token distribution:**

Project Private Placement: 3%

Initial circulation: 2%

Development team: 5%

Mining out: 90%

ADFS to create an international democratic, free and fair financial system, token distribution, 90% by mining out, teams, developers, private placements are rarely preserved, and no pre-excavation, truly reflects the de-centralization of distributed, truly achieve equal wealth growth for all participants. ）

**Ⅱ、ADFS token use scene use:**

1、ADFS to centralize the entire ecology of the financial system.

2、The costs of all products in the ADFS-centered financial system will be shared with ADFS pledgers, supporters and contributors over

a long period of time.

3、ADFS can participate in the ADFS system of liquidity mining.

4、ADFS is a need for a large number of users to participate in the construction of an open, free and centered financial system, so it is necessary for coin holders to jointly govern the expansion and growth of the system.

5、ADFS holders can participate in voting decisions, product iterations, behavior incentive parameters, token economic model parameters, etc. through pledge.

## ⅩⅨ、**RoadMap roadmap:**

Q4.2020：Product prototype

Q1.2020：Prototyping, product development and testing

Q1.2020：ADFS tokens go into circulation on the online decentralized exchange

Q1.2020： ADFS FantasticFarm Liquidity Mining Agreement available online

Q3.2021：Cross-chain aggregator that supports multi-chain currencies

Q4.2021：ADFS EarnCollection Earnings Aggregator is released

Q4.2021：ADFS Mine Pool, new project voted on pool by community

Q4.2021：The ADFS deflation mechanism is online, with a total of

9999999

Q2.2022：ADFS Financial Enhanced Insurance Agreement Is Released

Q3.2022：ADFS's centered lottery system is online

Q4.2022：ADFSLightingLend one-click aggregation lending agreement released

Q1.2023：Chain unsecured credit agreement test

Q2.2023：ADFS's centered financial system APP goes online

Q3.2023：The code is all open source

Q3.2023：The next stage of community voting is to open up the financial world.

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