**Introduction to DeFi**

[Decentralized Finance](https://endofthechain.com/defi-portal/) or DeFi is the deployment of financial software on to the blockchain enabling a new form of banking; encompassing saving, borrowing, lending and all the other services a traditional bank would offer.

While it can be argued that all crypto is a form of Defi, Ethereum is primarily where most of the development and transactions occur.

Defi it leverages all the properties inherent to Ethereum:

* **Permissionless**: Any person can access all DeFi services without a third-party preventing interaction. A user does not have to seek permission to interact with a smart contract.
* **Censorship Resistant:**No person is restricted from using DeFi services due to any identifying characteristics such as nationality, gender, or political beliefs.  When a DeFi transaction is broadcast to the Ethereum Network, no one can stop it.
* **Programmable:**Any service which can be coded into a smart contract, can be introduced as a DeFi service.
* **Transparent:**All smart contracts are available for analysis and verification. Additionally, all user interactions can be tracked, making DeFi the first fully transparent bank.
* **Composability:**DeFi services can leverage each other to create new offerings and servers. [Bankless calls them "lego" blocks](https://bankless.substack.com/).
* **Trustless:**All transactions and interactions with the smart contract are visible on the ledger and secured by the underlying blockchain.

These properties enable every person to be their own bank, eliminating the need for intermediaries. Therefore, fees are greatly reduced and DeFi is accessible 24/7. It's the open banking solution for the age of decentralization.

DeFi can be thought of as an open alternative to every financial service we use today — savings, loans, trading, insurance and more — accessible to anyone in the world with a smartphone and internet connection. While some of these concepts might sound futuristic like –automated loans negotiated directly between two strangers in different parts of the world, without a bank in the middle– many of these dapps are already live today.

As in the traditional world, most of the financial transactions revolves around currencies which are stable. Similarly, the financial transactions on a DeFi revolves around cryptocurrencies. Since most of the traditional cryptocurrencies like Bitcoin, Ethereum, etc are highly volatile & cannot be considered as an ideal candidate for such transactions. Therefore, much of the concept revolves around stablecoin, a cryptocurrency backed by an entity or pegged to fiat currency like the dollar.