

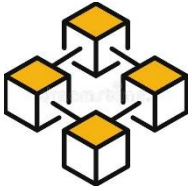
FUTURE OF FINANCE



UNIT 7.2

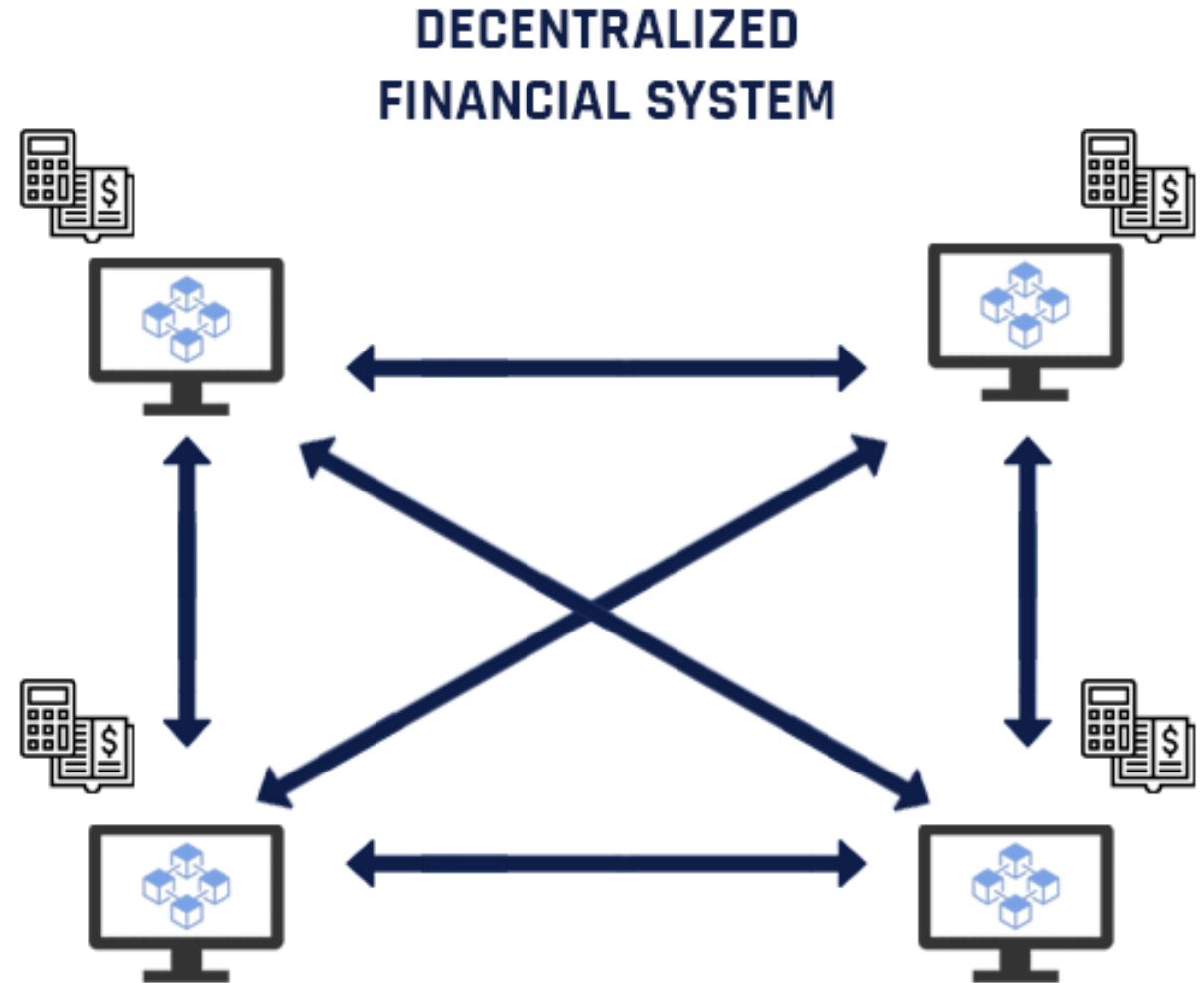
BLOCKCHAIN APPLICATIONS DECENTRALIZED FINANCE

Lecturer: Ph.D Lê Quang Huy

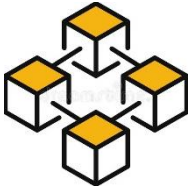


CONTENTS

1. INTRODUCTION
2. FINANCE
3. DECENTRALIZED FINANCE
4. SUMMARY
5. DISCUSSION



A decentralized / distributed ledger is held by all on the network eliminating the need for a central authority

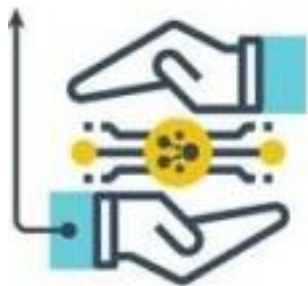


1. INTRODUCTION

Cloud-Powered
Public Blockchain
for Business

Borrowing & Lending

Open lending protocols are one of the most popular types of applications in the DeFi ecosystem.



**THE POTENTIAL
USE CASES OF DeFi**

Monetary Banking Services

As DeFi applications are, by definition, financial applications, monetary banking services are an obvious use case. These include the issuance of stablecoins, mortgages, and insurance.



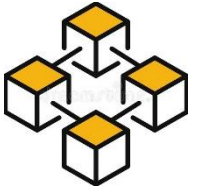
DeFi



Decentralized Marketplaces

some of the most crucial DeFi applications are decentralized exchanges (DEXs). These platforms allow users to trade digital assets without the need for a trusted intermediary (the exchange) to hold their funds.





2. FINANCE

2.1. FINANCE DEFINITION

2.2. FUNCTIONS OF FINANCE

2.3. TYPE OF FINANCE

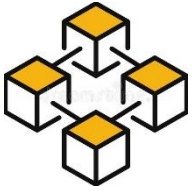
2.4. PERSONAL FINANCE

2.5. CORPORATE FINANCE

2.6. PUBLIC FINANCE

2.7. FINANCIAL SYSTEM



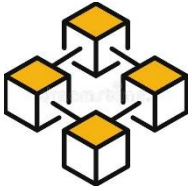


2.1. FINANCE DEFINITION

Finance is :

- General: science of management of money and other valuables (easily to cash)
- Academicians:
procurement (get)
of funds and
effective
utilisation of
funds.
- Concerned with
resource
allocation,
management,
acquisition and
investment.





2.2. FUNCTIONS OF FINANCE

Functions of Finance

Procurement of Funds

(i.e. Sources of Funds)
Objective: To Minimize Costs

Utilization of Funds

(i.e. Application of Funds)
Objective: To Maximize Returns

Long Term
Sources

Short Term
Sources

Short Term
Investments

Long Term
Investments

Own Funds

e.g. Equity

Loan Funds

e.g. Debt

Current Liabilities

e.g. Creditors, Payables, etc

Current Assets

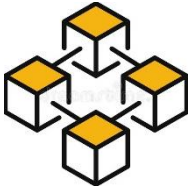
e.g. Stock, Debtors, Cash

Fixed Assets
and Projects

Capital Structure Decisions /
Financing Decisions

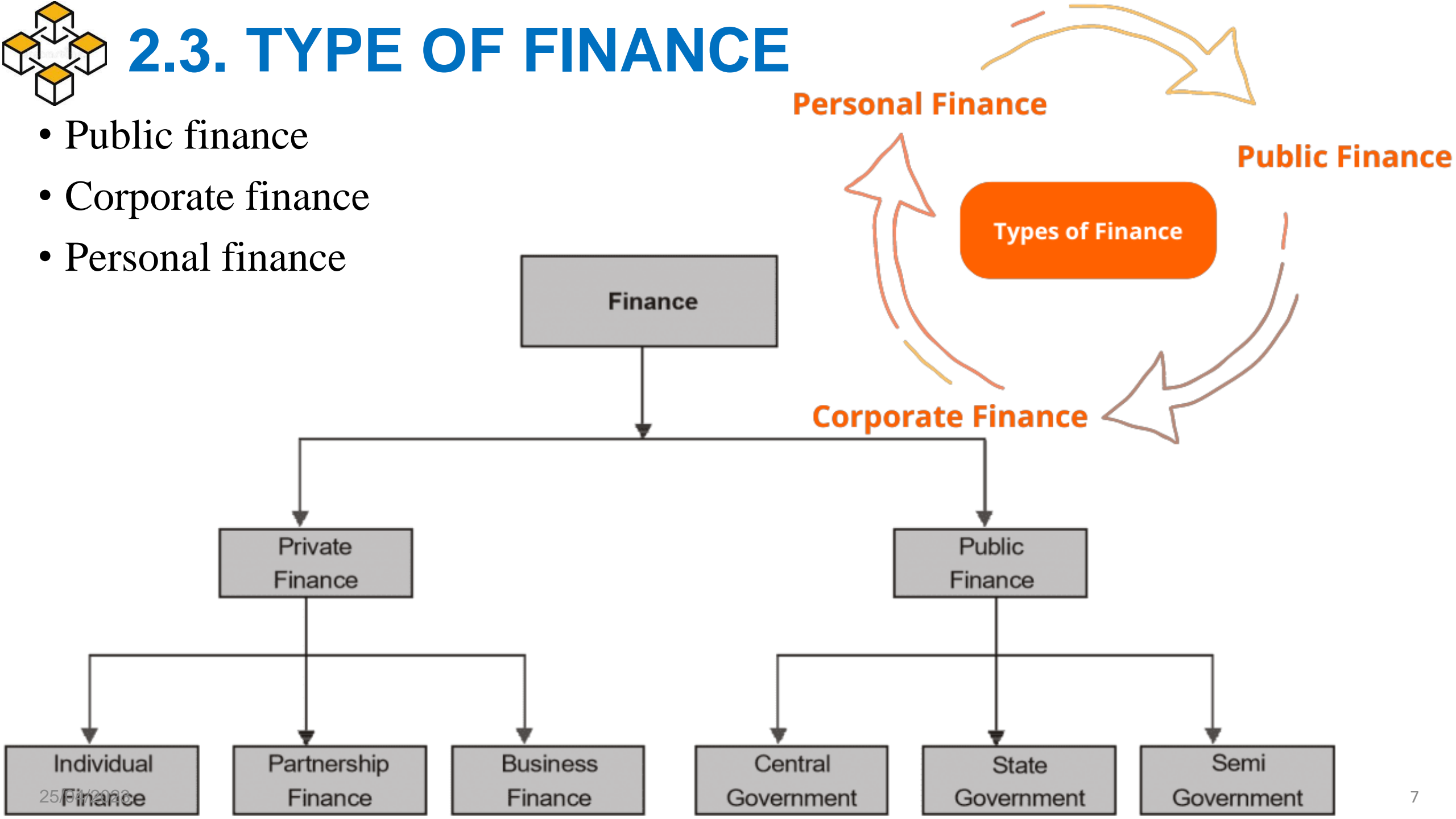
Working Capital Management Decisions

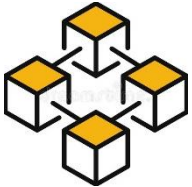
Investment Decisions /
Capital Budgeting



2.3. TYPE OF FINANCE

- Public finance
- Corporate finance
- Personal finance





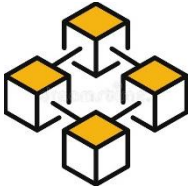
2.4. PERSONAL FINANCE

- Managing personal money
- Planning to achieve the major financial goals in life



Personal Finance





2.5. CORPORATE FINANCE

- Finance required for running a corporation
- acquisition and conservation of capital funds in meeting the financial needs and overall objectives of business enterprises

Fundamentals, Principles, Features of Corporate Finance



Corporate Finance Activities

Capital Investments

Decide what projects / acquisitions to invest in

Earn the highest possible risk-adjusted return

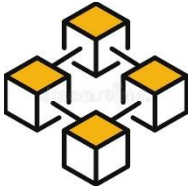
Capital Financing

Determine how to fund capital investments

Optimize the firm's capital structure

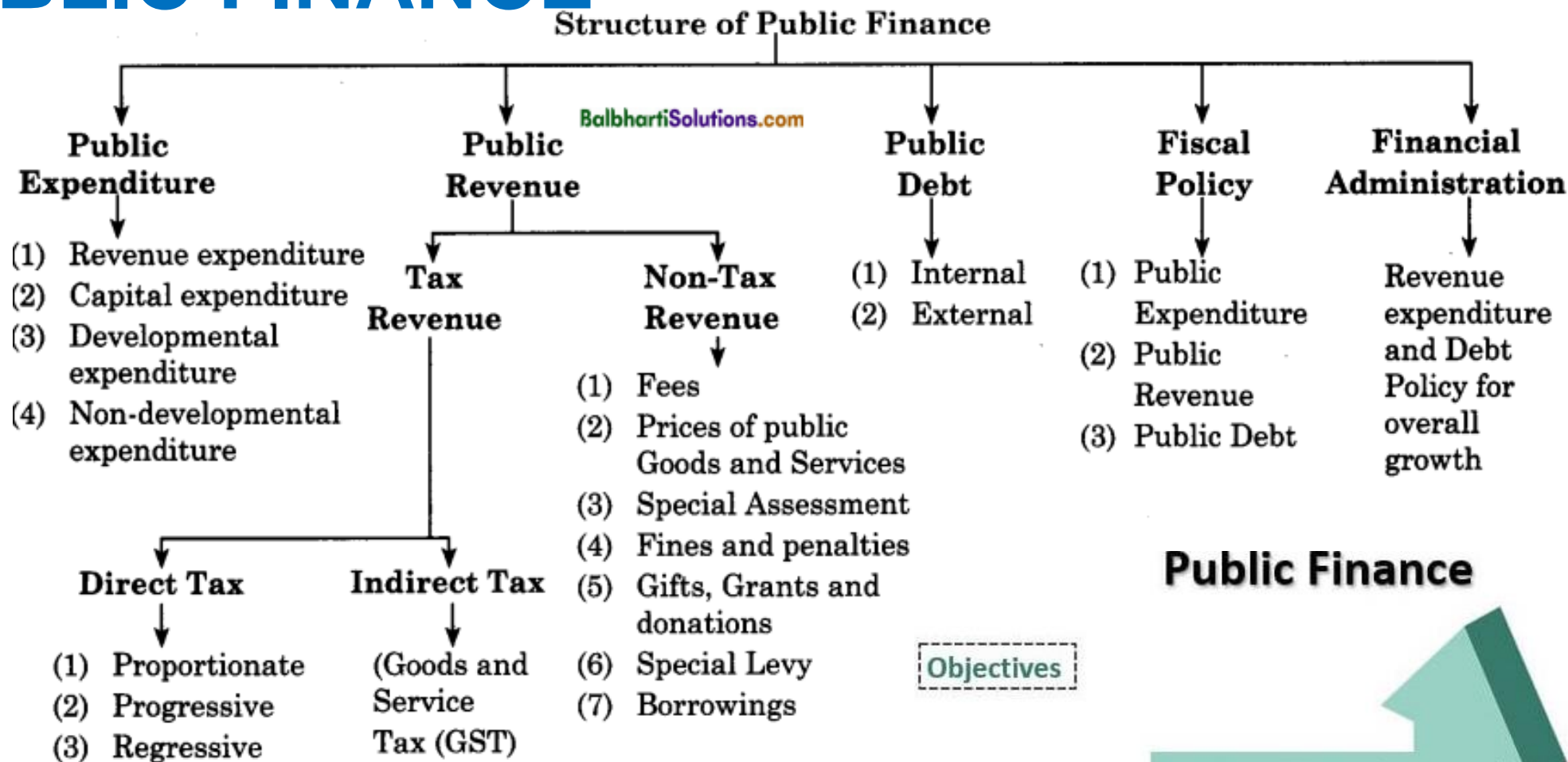
Dividends & Return of Capital

Decide how and when to return capital to investors



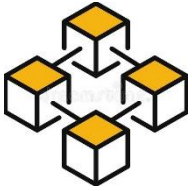
2.6. PUBLIC FINANCE

- Manage the public funds in the nation's economy
- Achieve the national objective



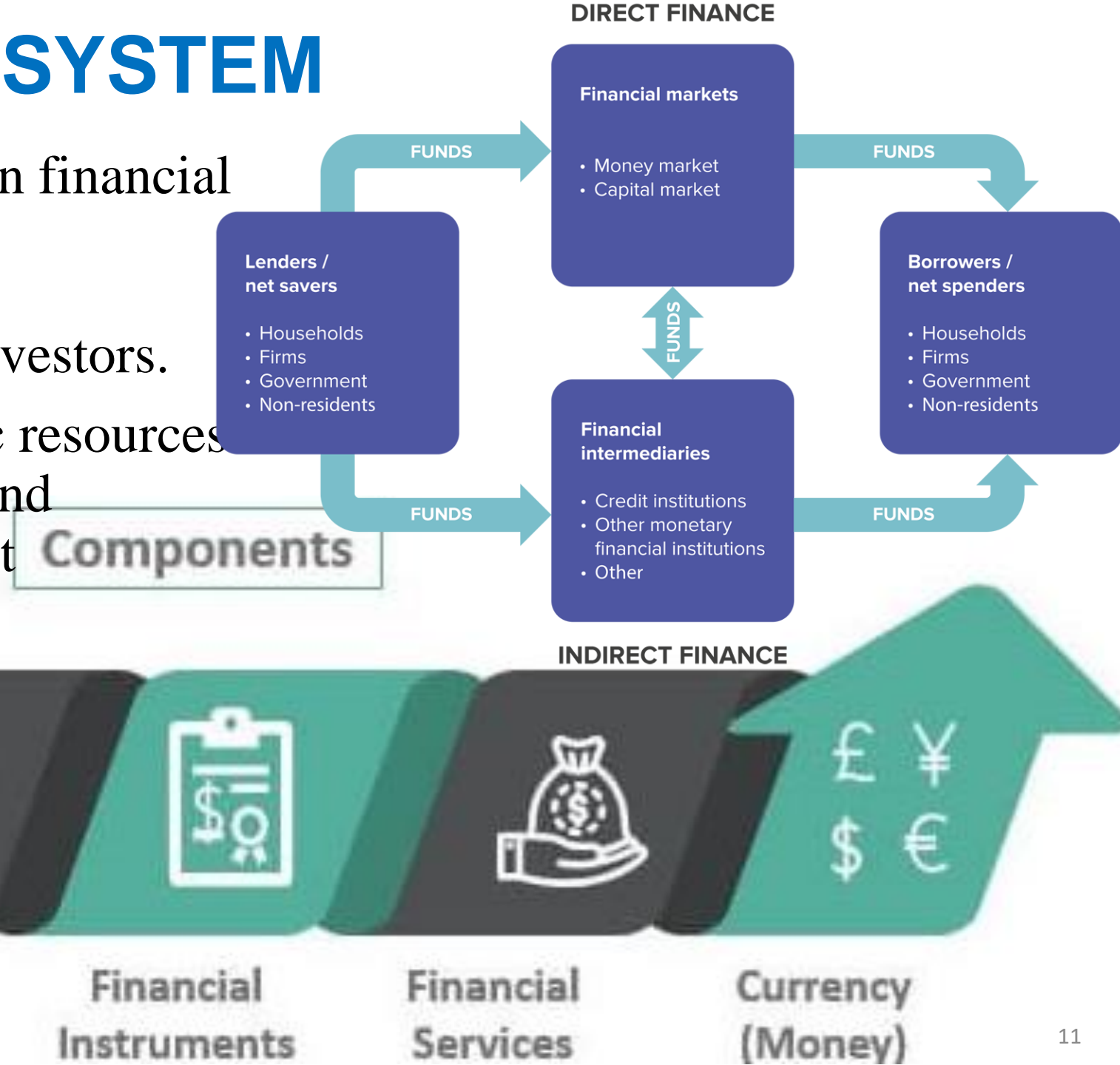
Public Finance

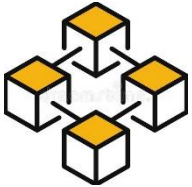




2.7. FINANCIAL SYSTEM

- Economic arrangement wherein financial institutions facilitate the transfer of funds and assets between borrowers, lenders, investors.
- Efficiently distribute economic resources to promote economic growth and generate a return on investment (ROI) for market participants





2.5. FINANCIAL INSTITUTIONS

What Is A Financial Institution?



Financial Institutions

Financial Institution Types

Financial Institutions

Central Banks

Non-banking Institutions

Investment Entities

Insurance Companies

Commercial Banks

Credit Unions

Thrift Institutions

Offer a wide range of financial services to individuals and businesses

- Depositing
- Saving
- Investing
- Managing money

1 Help participants achieve their purposes

2 Determining rates of return



Individuals

Firms

3 Capital allocation efficiency

• Participants: borrowers, lenders, investors

• Primary function: regulate the money supply



2.6. FINANCIAL MARKET

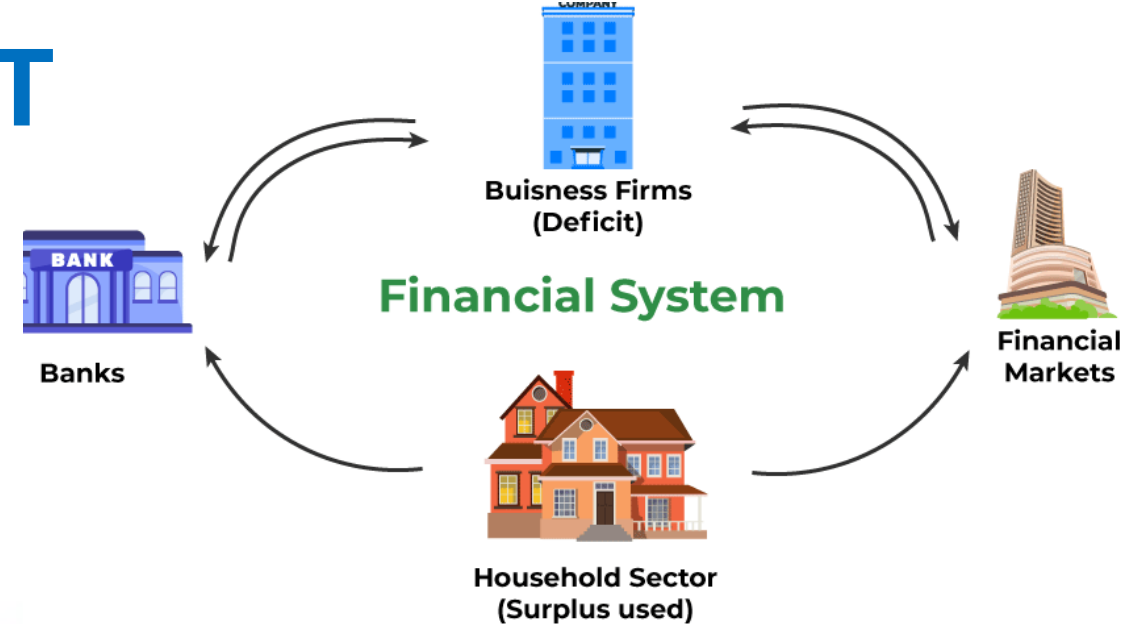
What Is A Financial Market?



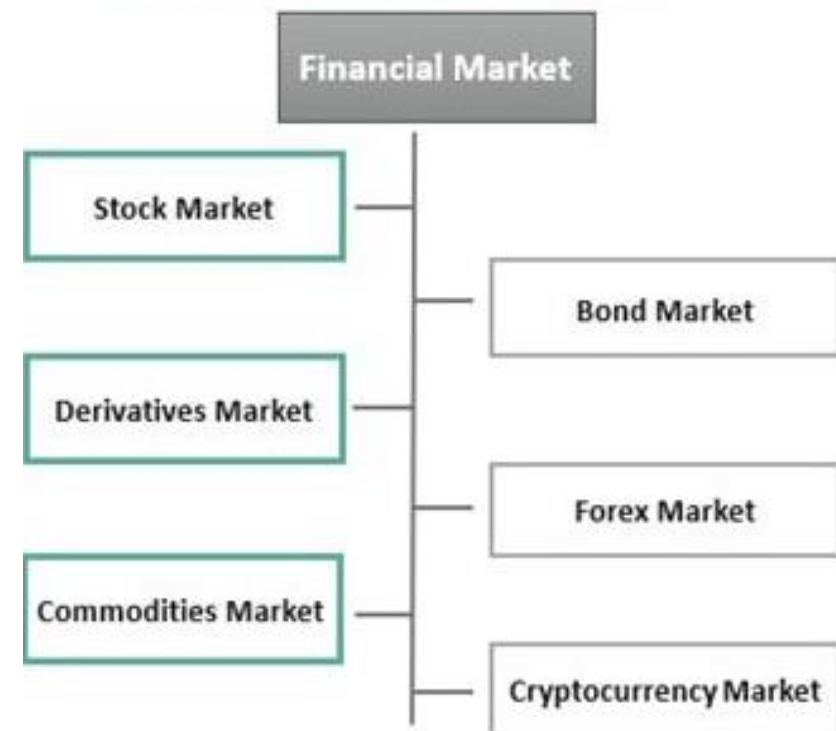
- Participants: borrowers, lenders, investors

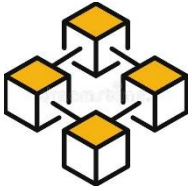


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Financial Market Types





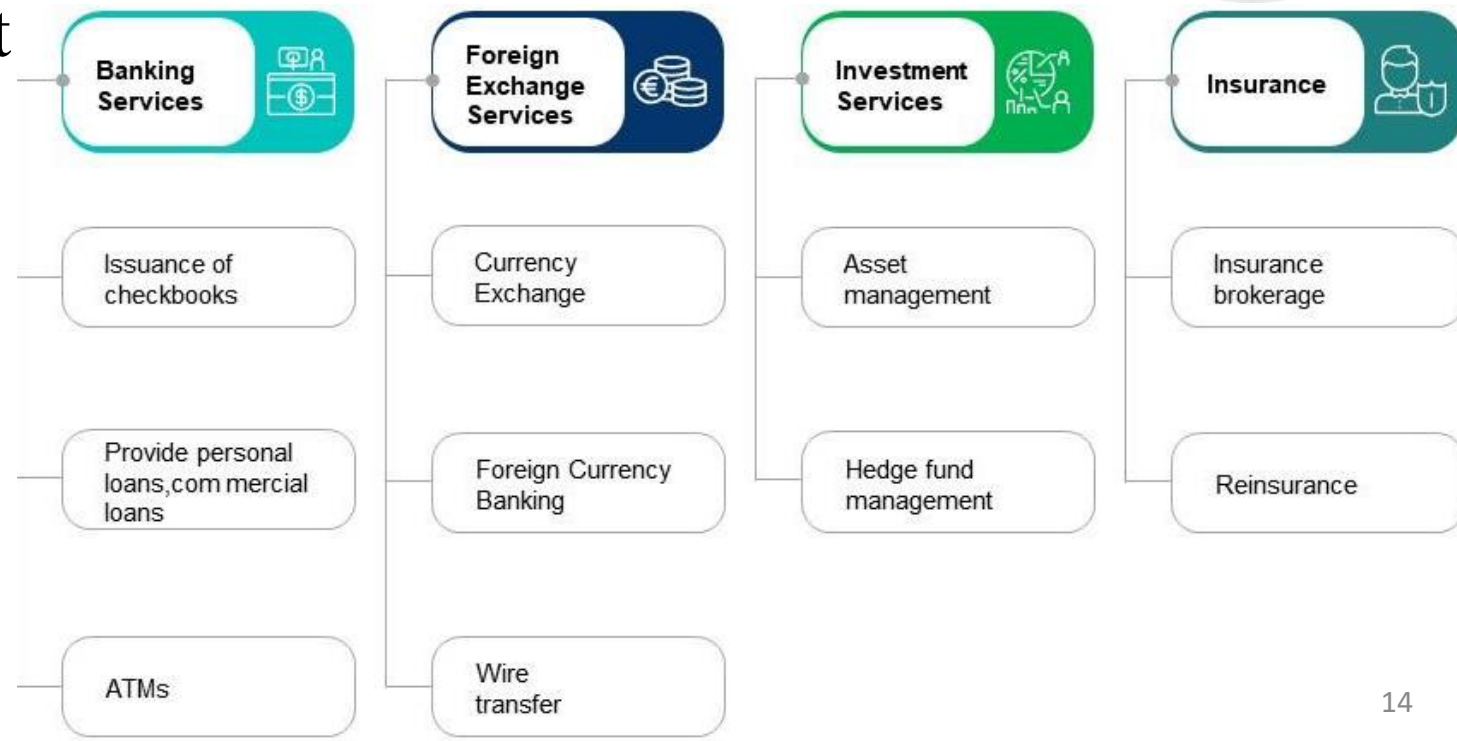
2.7. FINANCIAL SERVICES

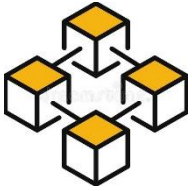
Financial services:

- Products and services offered by financial institutions
- Like loans, insurance, credit cards, investment opportunities, money management, information on the stock market

Functions of Financial Services

- Facilitating transactions
- Mobilizing savings
- Allocating capital funds
- Monitoring managers
- Transforming risk

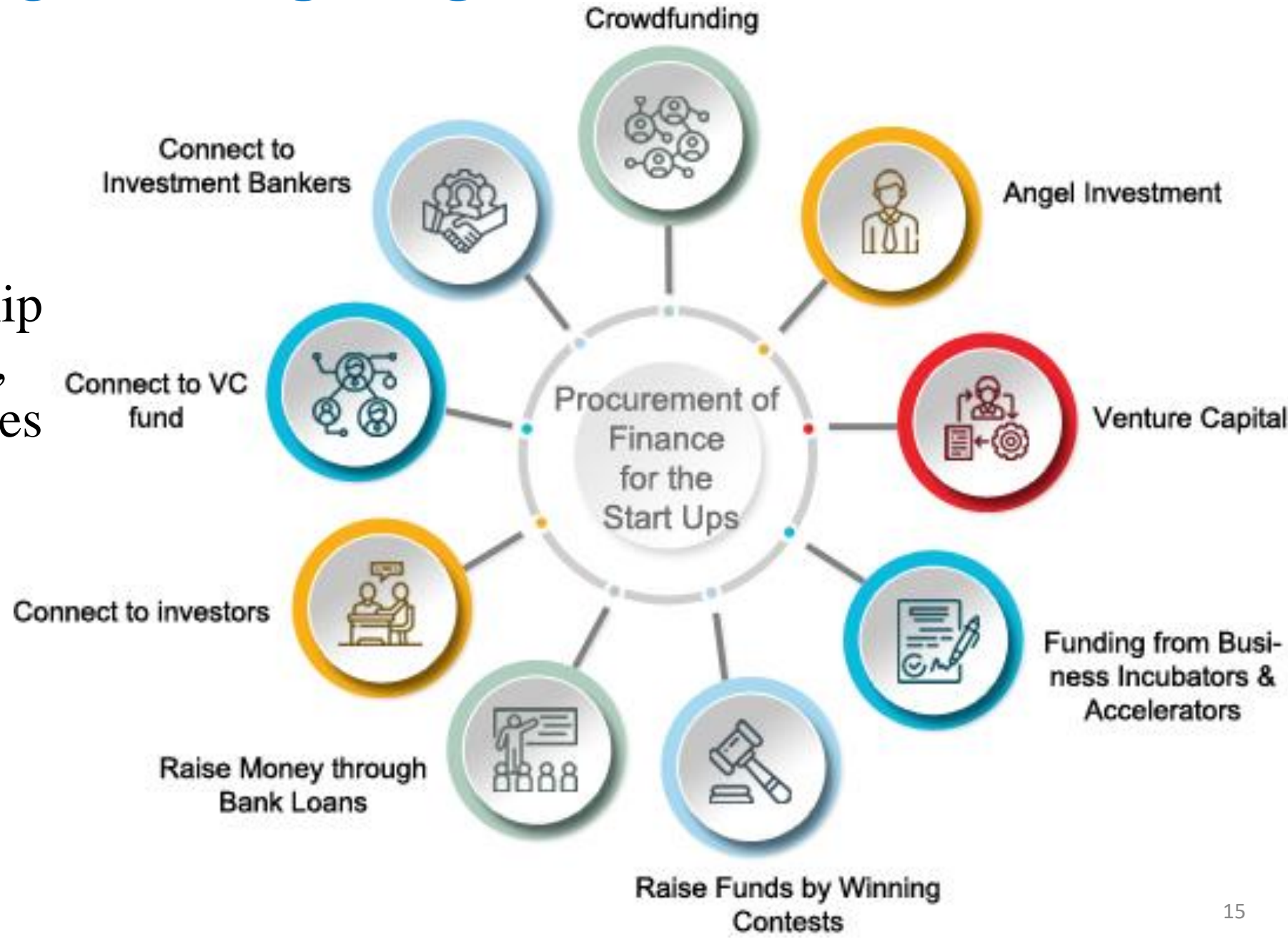


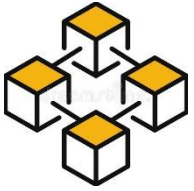


2.8. FINANCIAL INSTRUMENT

Financial instrument:

- monetary contract between parties
- evidence of ownership of part of something, as in stocks and shares





3. DECENTRALIZED FINANCE

3.1. DE-FI DEFINITION

3.2. DE-FI SYSTEM

3.3. DE-FI PRODUCTS & SERVICES

3.4. TOKENIZATION SERVICES

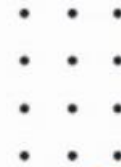
3.5. LENDING/BORROWING PLATFORM

3.6. INSURANCE SERVICE

3.7. RAISING FUND

3.8. DE-FI ECOSYSTEM

DeFi



Programmable

Censorship
Resistant



Decentralization

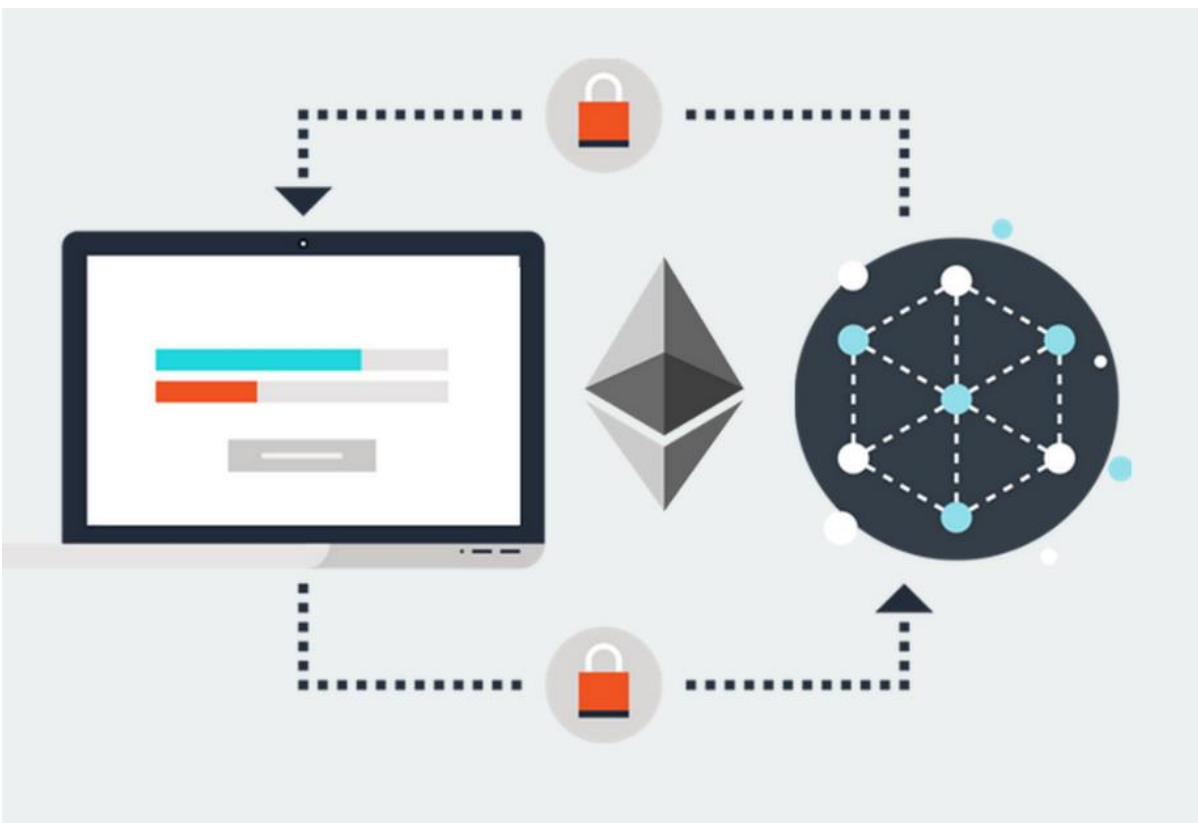
Trustless



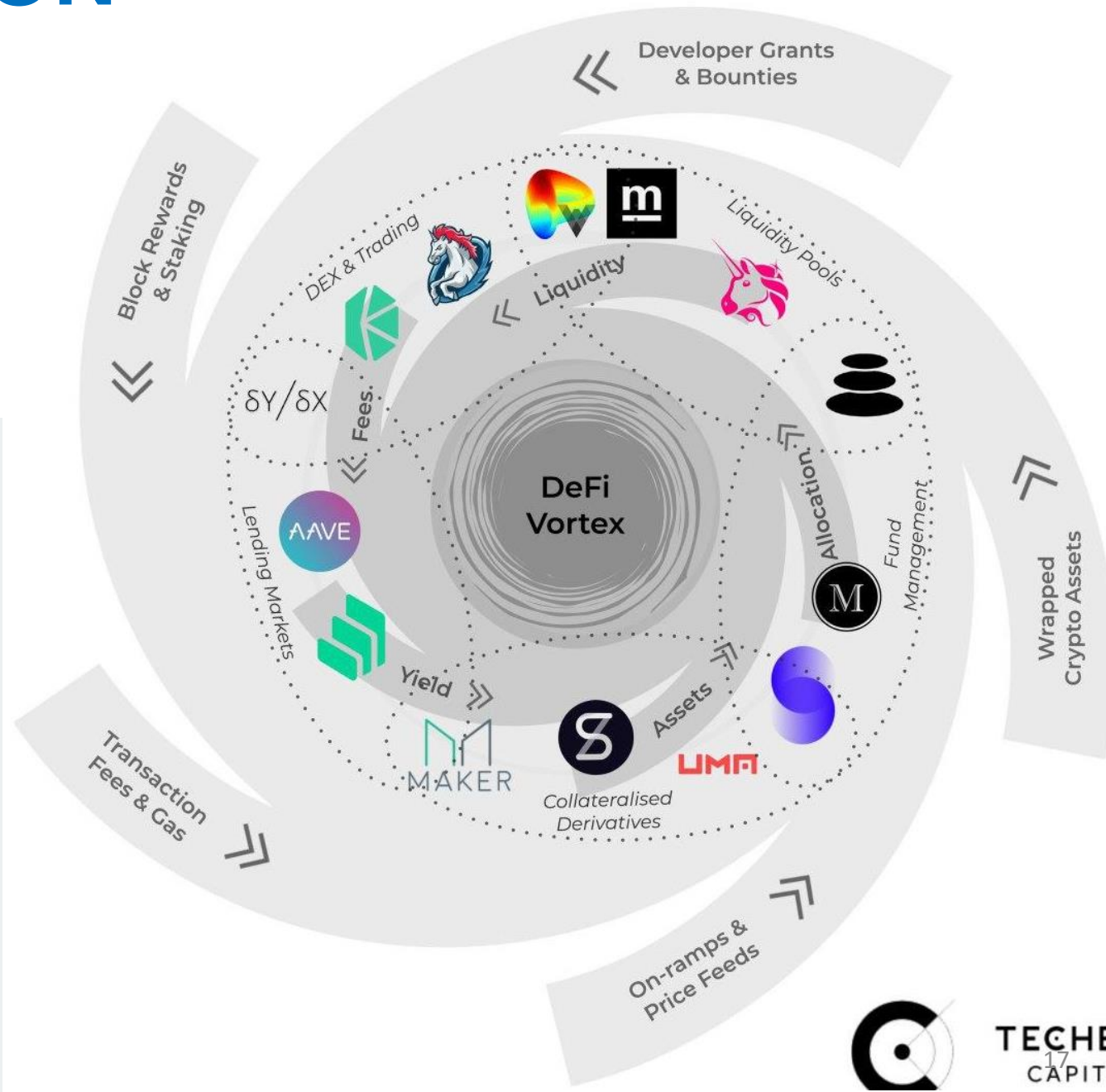
3.1. DE-FI DEFINITION

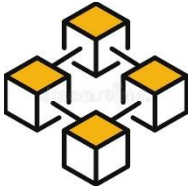
Decentralized finance (DeFi):

- Peer-to-peer financial system
- Financial applications and services powered by blockchain technology



DeFi Liquidity Vortex





3.1. DE-FI DEFINITION

Decentralized finance (DeFi):

- collective term for financial products and services relate to blockchain
- emerging financial technology based on secure distributed ledgers

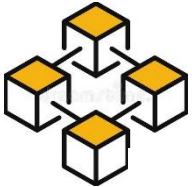


Decentralized Finance (DeFi)

Utilizes blockchain technology

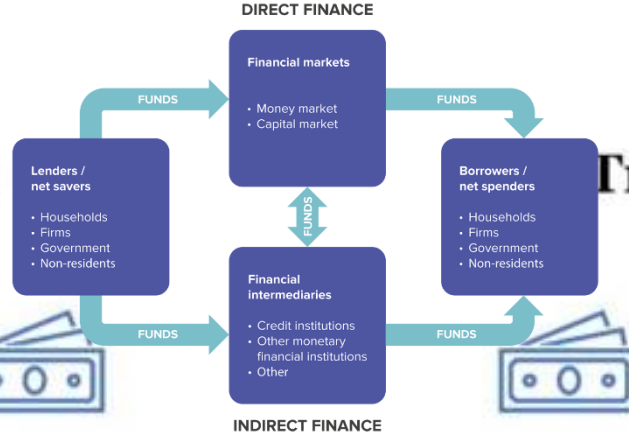
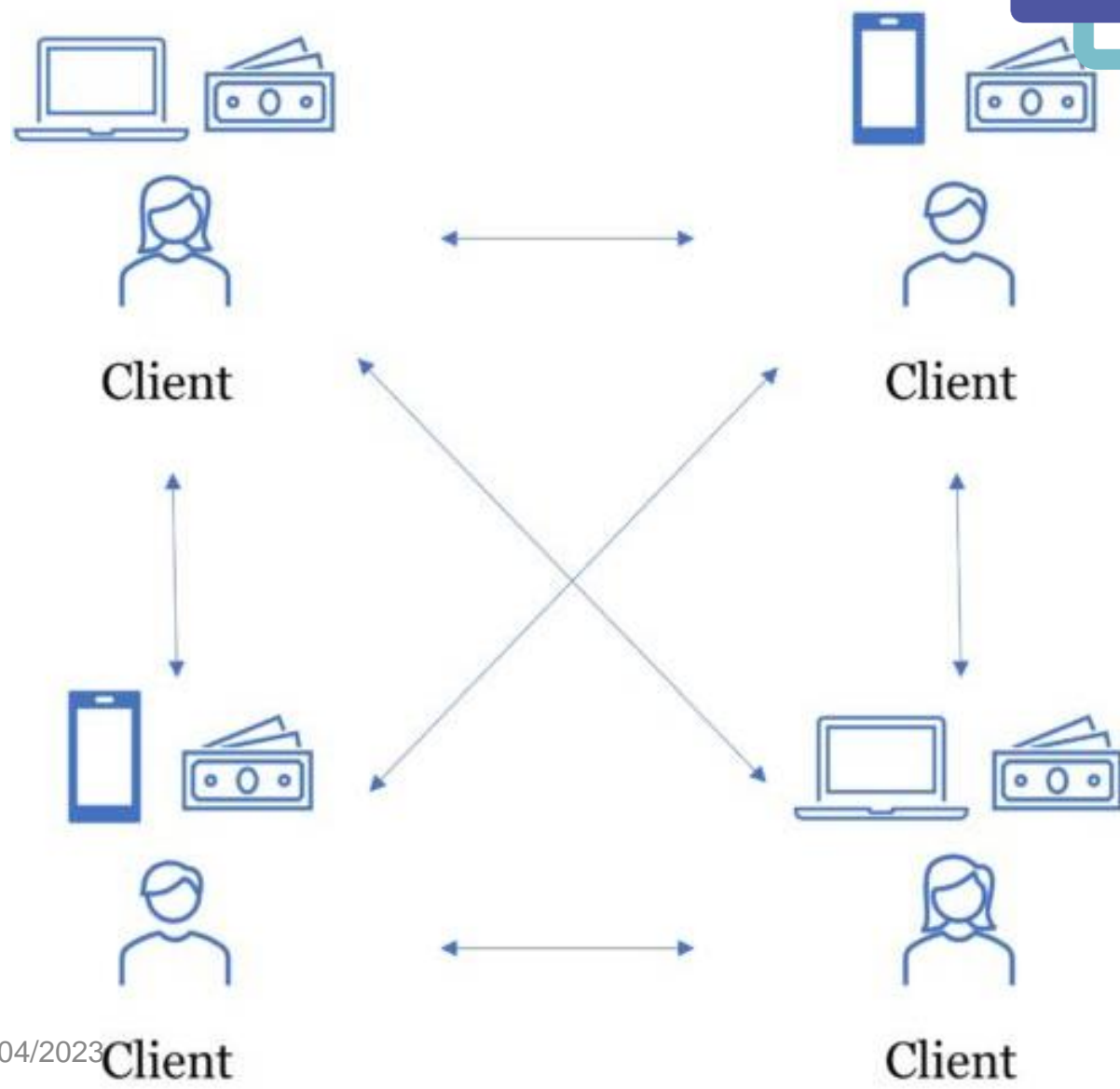
Creates intermediary-independent and peer-to-peer financial system

Decentralized financial services and business models

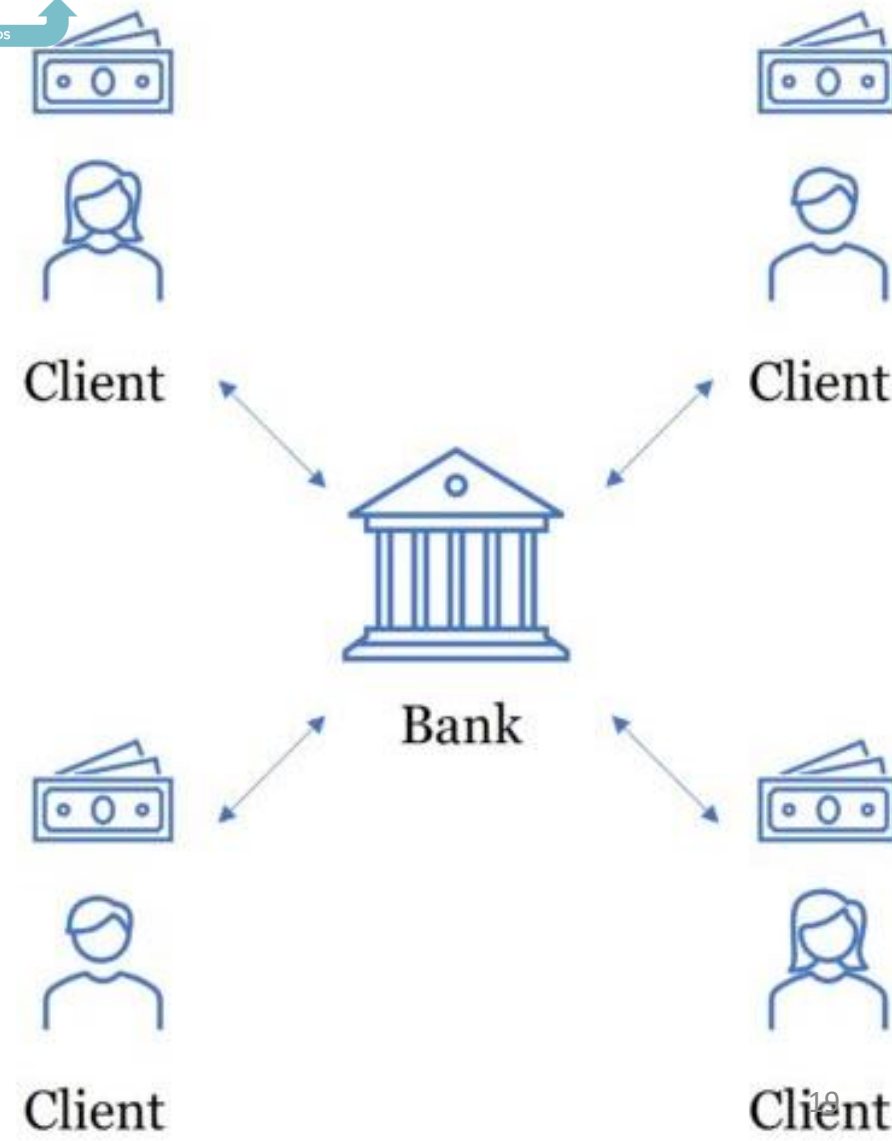


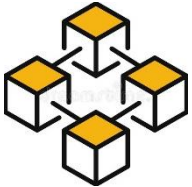
3.2. DE-FI SYSTEM

Decentralized Finance (DeFi)



Traditional Finance System



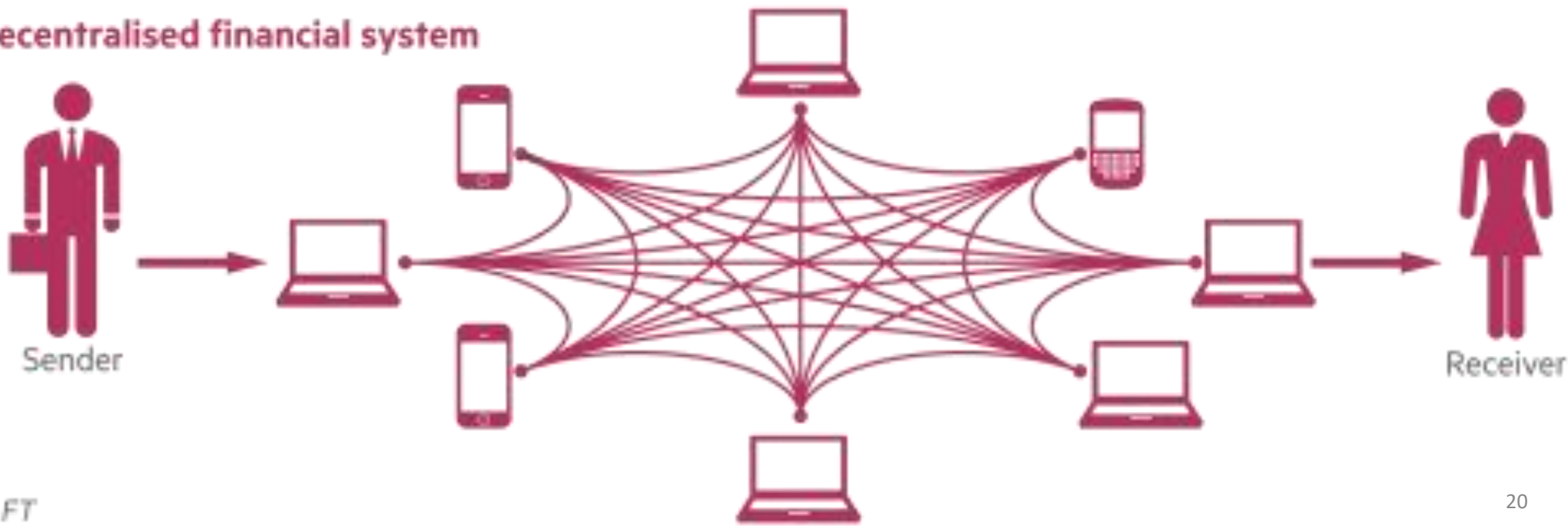


3.2. DE-FI SYSTEM

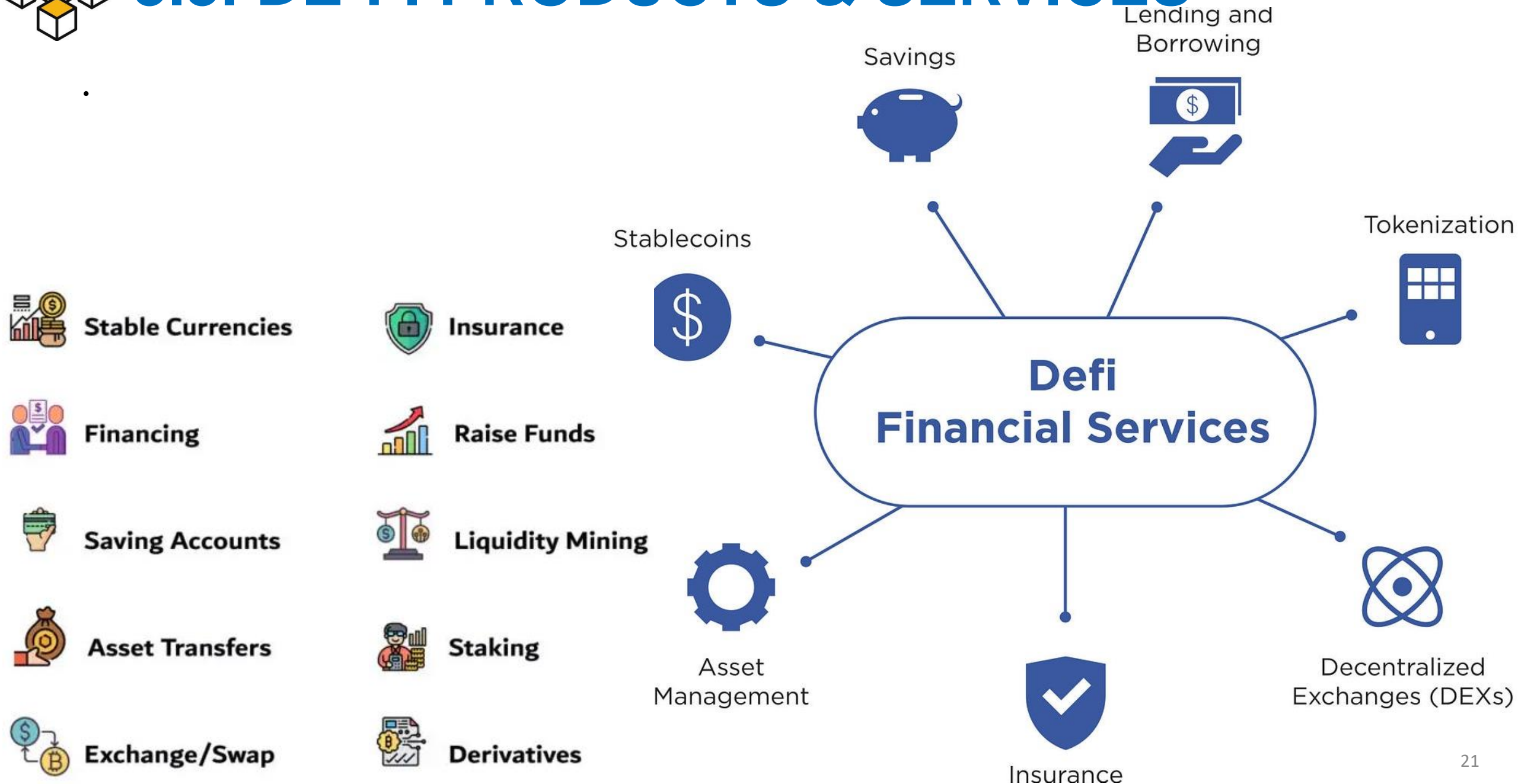
Traditional financial system

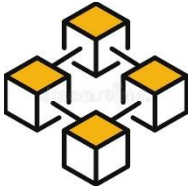


Decentralised financial system

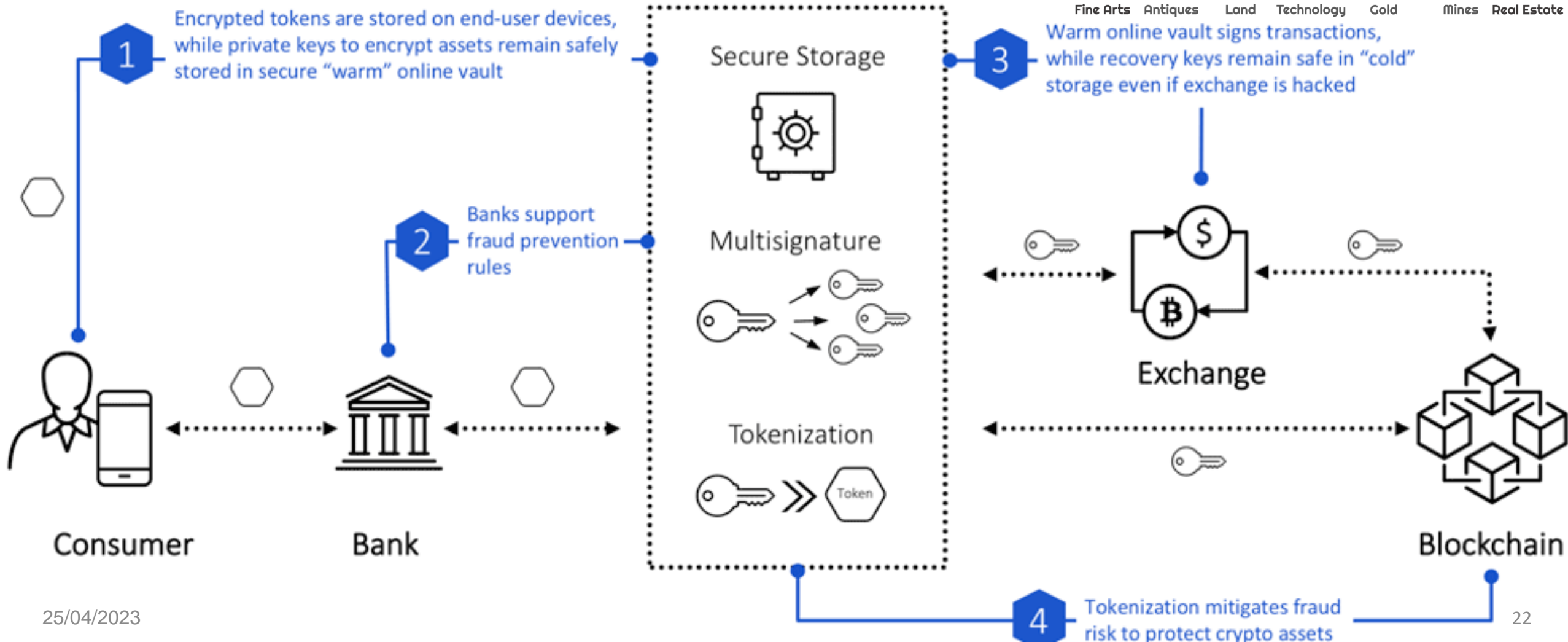


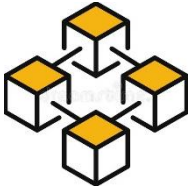
3.3. DE-FI PRODUCTS & SERVICES



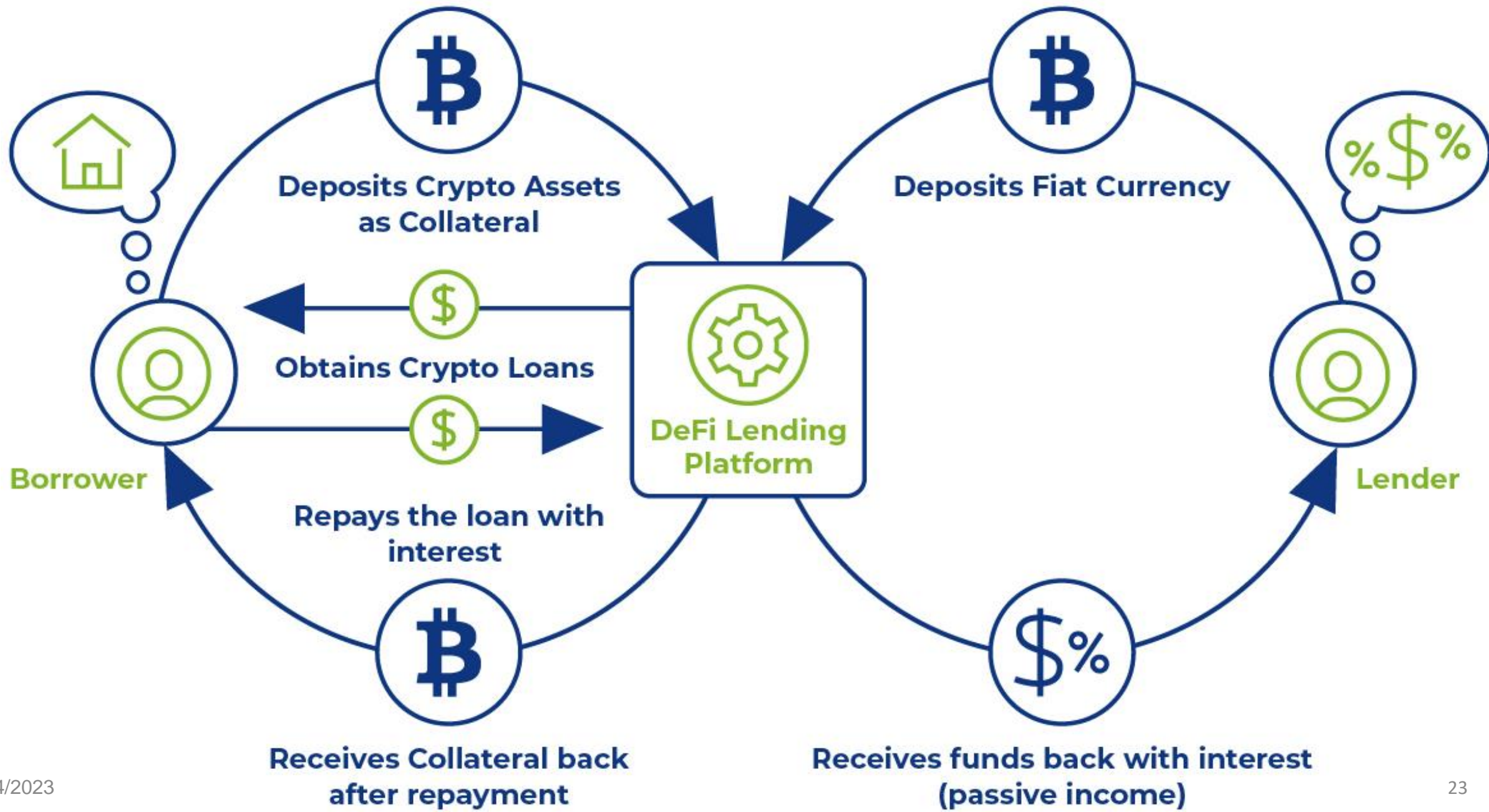


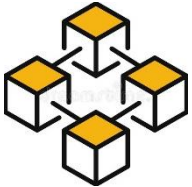
3.4. TOKENIZATION SERVICES





3.5. LENDING PLATFORM

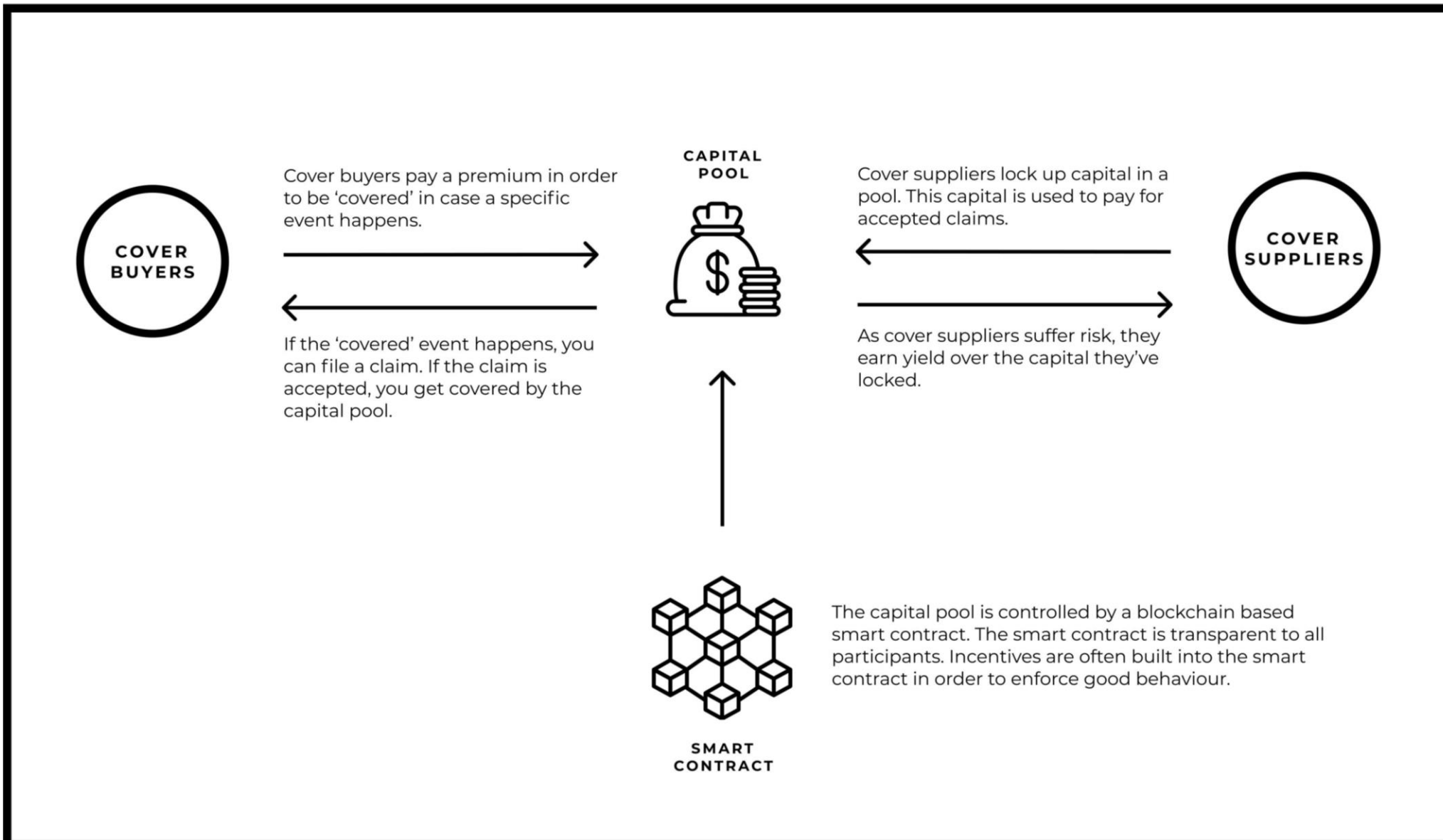




3.6. INSURANCE SERVICE

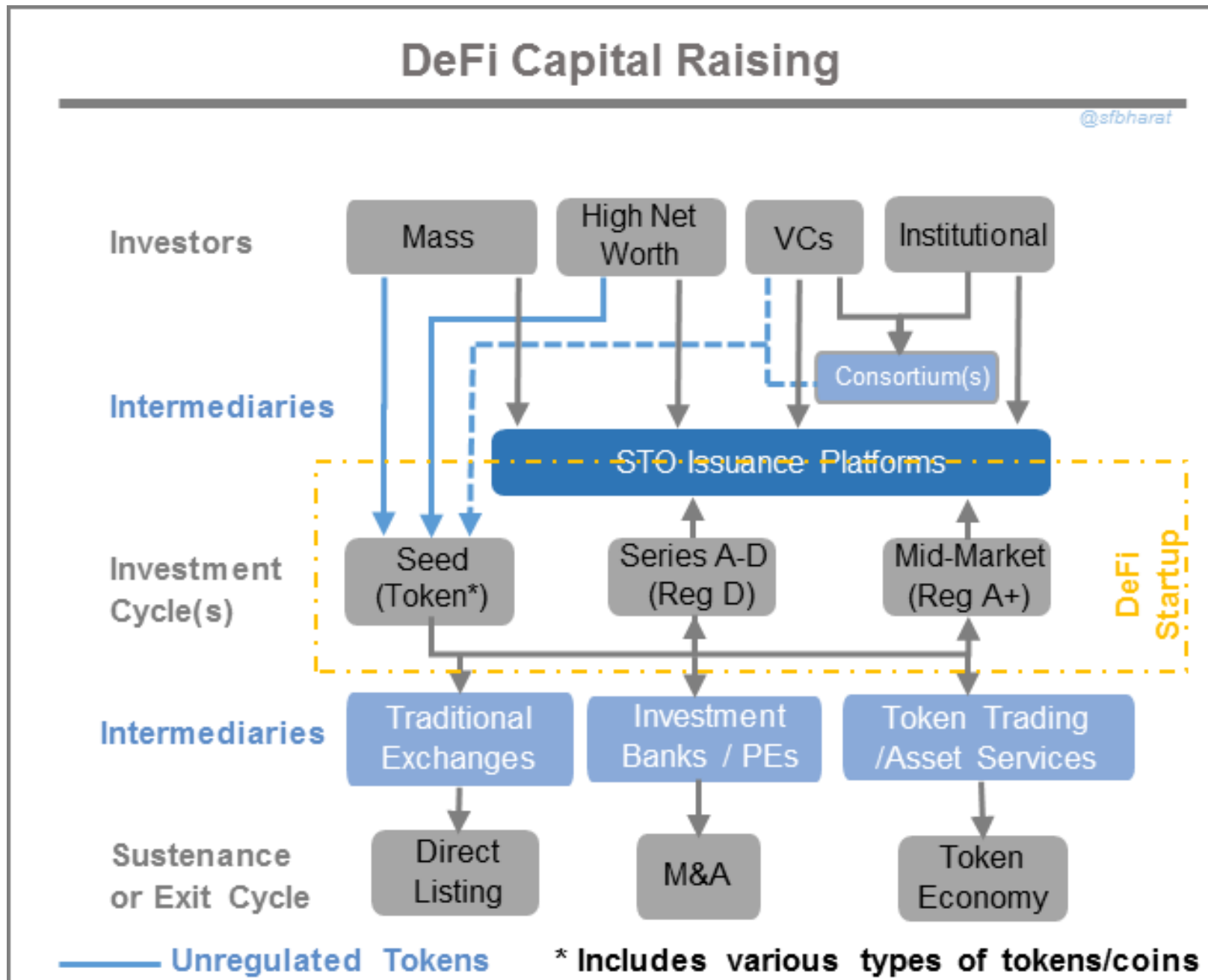
BLOCKDATA

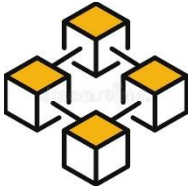
DEFI INSURANCE ECOSYSTEM



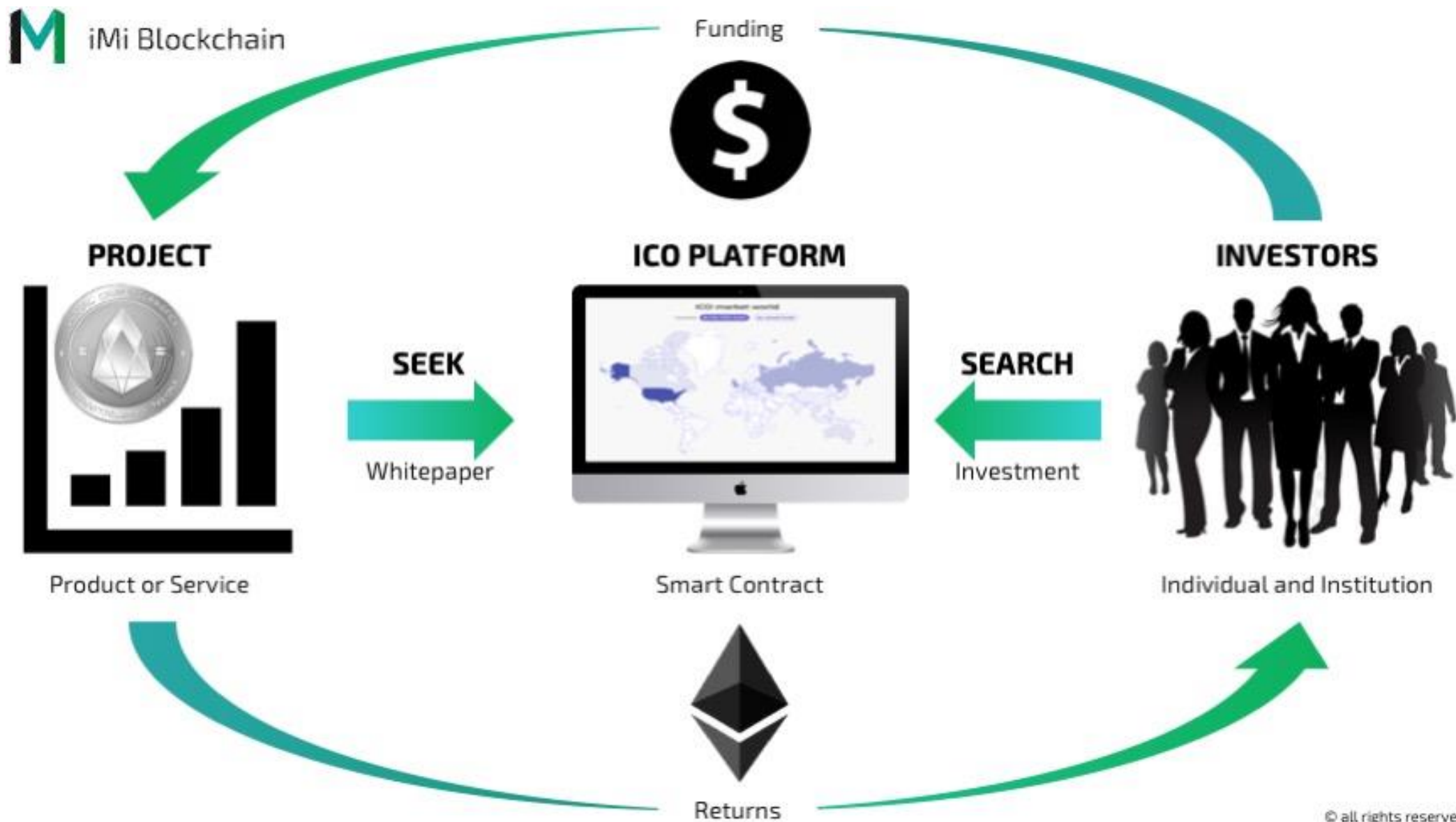


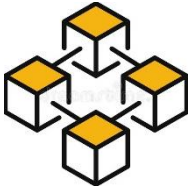
3.7. RAISING FUND





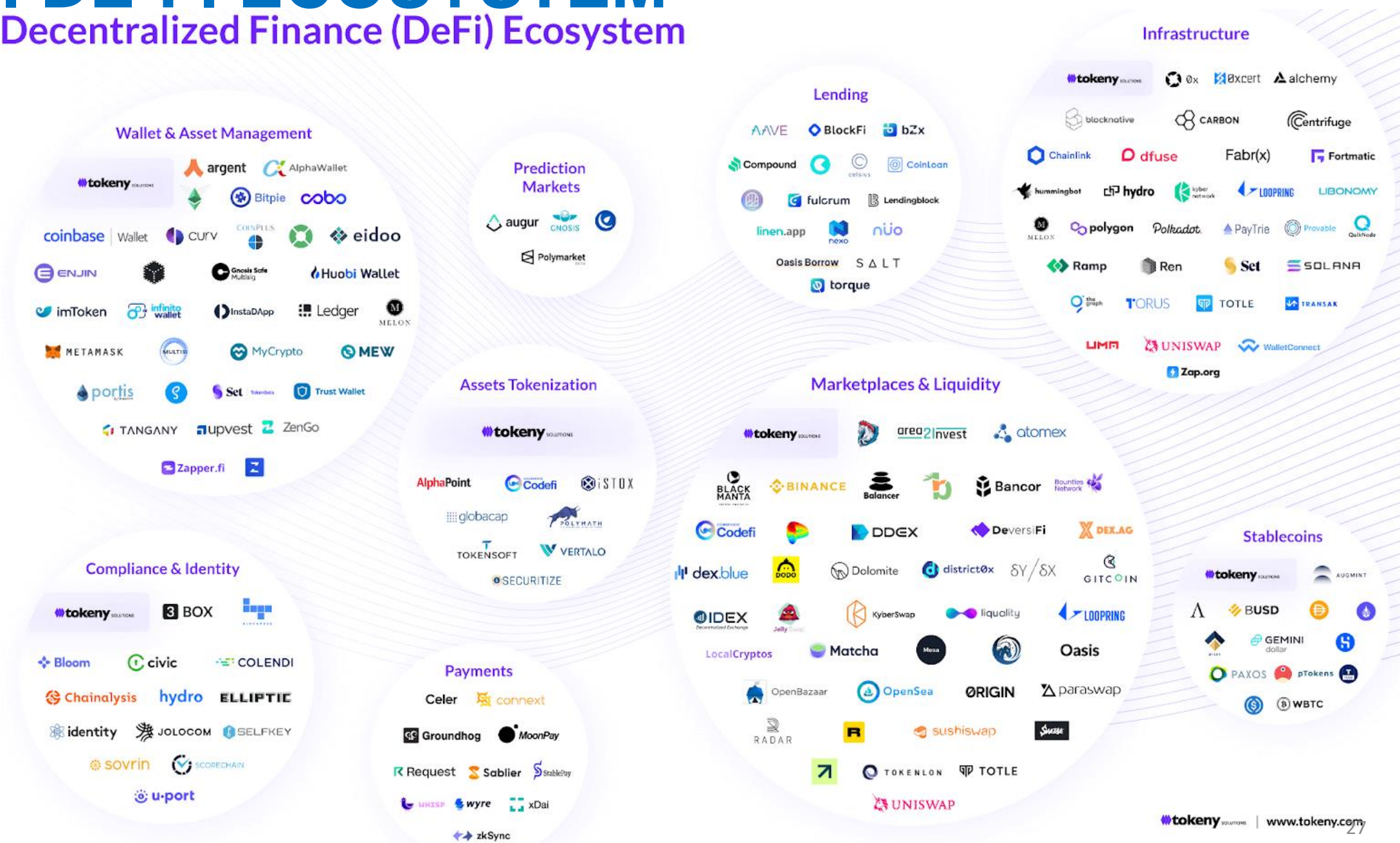
3.7. RAISING FUND





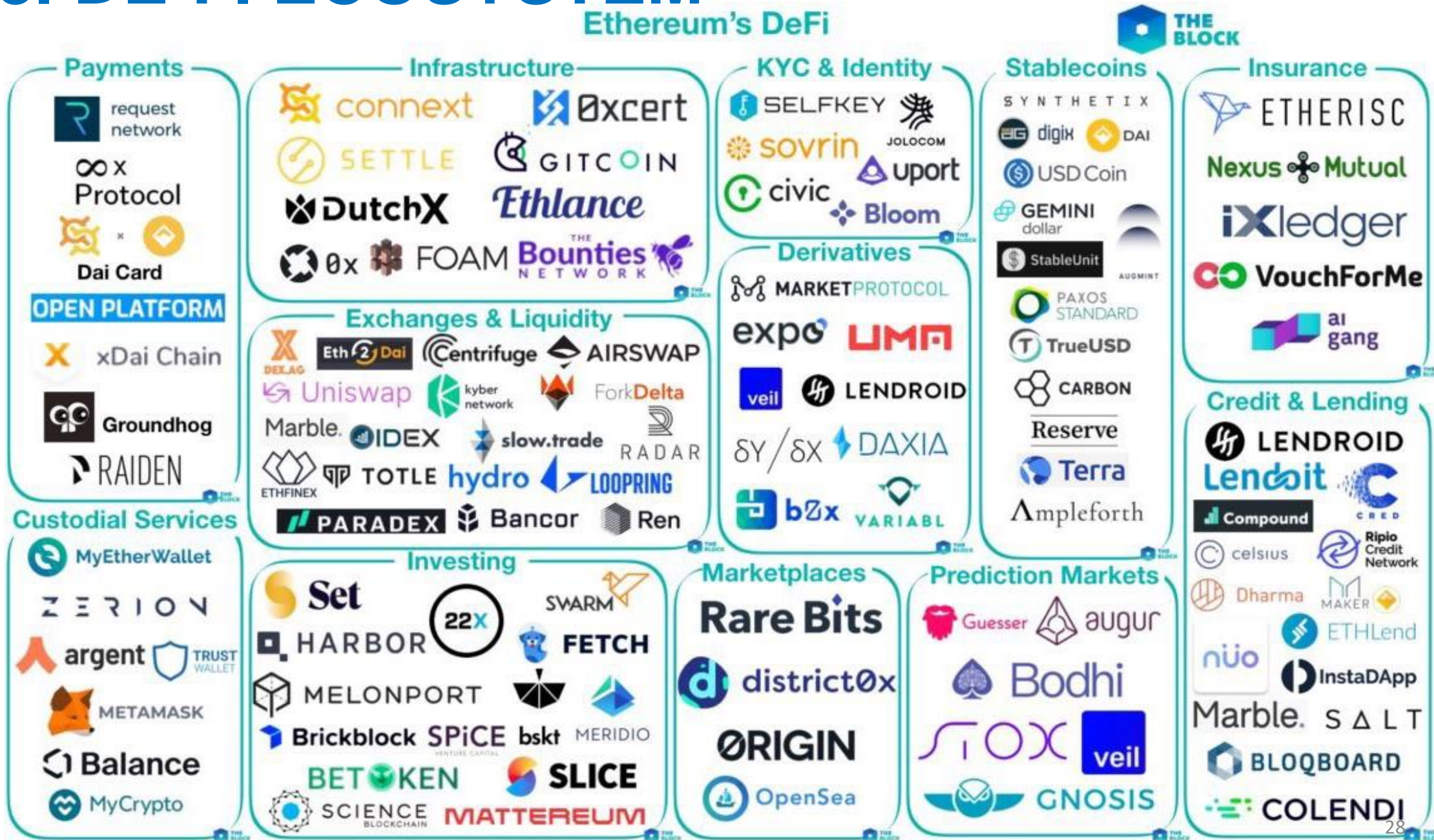
3.8. DE-FI ECOSYSTEM

Decentralized Finance (DeFi) Ecosystem





3.8. DE-FI ECOSYSTEM





3.9. DE-FI USE CASES

Use Cases of Blockchain in Finance

Cross-Border Payments

Government Expenses

Political Funds

Lending Platforms

Fund Investment

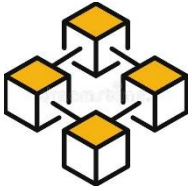
Credit Score

Stock Exchange

Initial Public Offering (IPO)

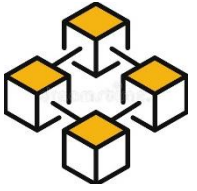
Financial Record Keeping

Invoice Management
and Billing Solution



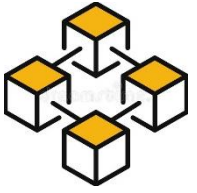
4. SUMMARY

- Finance:
 - Science of management of money and other valuables.
 - Functions: procurement and utilization of funds
 - Areas: Personal, Corporate, Public
- Decentralized Finance:
 - Financial applications and services powered by blockchain technology
 - emerging financial technology based on secure distributed ledgers



5. DISCUSSION





FINISH

Thank You