**Bancor protocol**

Bancor is one of the best liquidity pools in 2022, based on Ethereum. The platform leverages algorithmic market-making methods with smart tokens and offers liquidity alongside accurate pricing. Bancor maintains a constant ratio across different connected tokens alongside implementing modifications in supply of tokens. The Bancor liquidity pool introduces Bancor stablecoin, which helps in resolving the concerns of volatility in liquidity.

Conservation function:

Bancor’s conservation function has same formula as Balancer. As the majority of Bancor pools consist of two assets, one of which is usually BNT, with the reserve weights of 50%–50%.

Swapping:

Bancor’s swap mechanism is equivalent to Uniswap

Advantages of the new version of Bancor:

1-Single Sided staking:

When you add liquidity to a Bancor pool, you receive single-sided pool tokens in proportion to the number of tokens you’ve added to the pool. So if you add 100$ of link token, bancor will mint depending on the value of their native token an amount of token that will be added to the pool so that the pool now contains 50/50 link and BNT (Bancor's native token). Which is an advantage since, liquidity providers don't want half of their tokens (link in this case) to be sold for Ethereum like in some liquidity pools. You shouldn't worry about inflationary effect since these added BNT tokens are burnt when Link token are withdrawn

2-Impermanent Loss insurance:

Along with the fees that traders pay for trades bancor takes a percentage of all yields earn to grow the insurance fund, so for example if you provide 100 link tokens to the pool, bancor tracks the number of tokens you originally deposited and insures you get back at least the same value when you withdraw. This is made through taking a percentage of the LP's reward on their stake.