Why RToken collateral plugins are so important for the future of DeFi & the Real World?
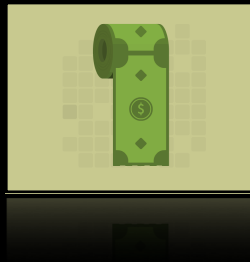
★ Intro - Fiat VS Asset-Based Currencies:

What is Fiat Currencies?

A **fiat currency** is a <u>currency issued by a government and backed not by a tangible commodity like gold or silver, but by the government that created it</u>.

The value of fiat currency is determined by supply and demand and the stability of the issuing government, not by the value of the underlying commodity. Most of today's fiat currencies, including the U.S. dollar, the euro and other major world currencies, are legal tender.

➤ **INFLATION RISK:**

What is Asset-Based Currencies?

Asset-backed currencies, also called commodity-backed money, is a <u>form of money backed by a physical asset such as gold or silver</u>.

These assets serve as **collateral** for the currency, providing a tangible measure of value and a medium of exchange.

In contrast, fiat currencies are forms of money that are not backed by physical assets but are declared legal tender by the government.

➤ **RISK OF COLLAPSE OF COLLATERALIZED ASSETS:**

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Built by www.hlabz.cc
Github: github.com/HLABZcc
ETH: 0xbff3ee7d3648ce6b7de82dea427c3a1629aaf671
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★ Why Reserve Protocol?

The Reserve Protocol:

Founded in 2019 by **Nevin Freeman** (CEO) and **Matt Elder. Freeman** (CTO), **Reserve Protocol** is an easy to use platform for the creation, the management and the governance of stable asset-backed currencies, high-yield and insurance tokens.

Unlike volatile cryptocurrencies like **Bitcoin** and **Ethereum**,

Reserve Protocol vision is to create the world's first highly scalable and decentralized highly stable currency.

ACCORDING TO MESSARI, THREE POWERFUL MILLIONAIRES ARE WATCHING THEM:

✔ **Arrington XRP Capital,**
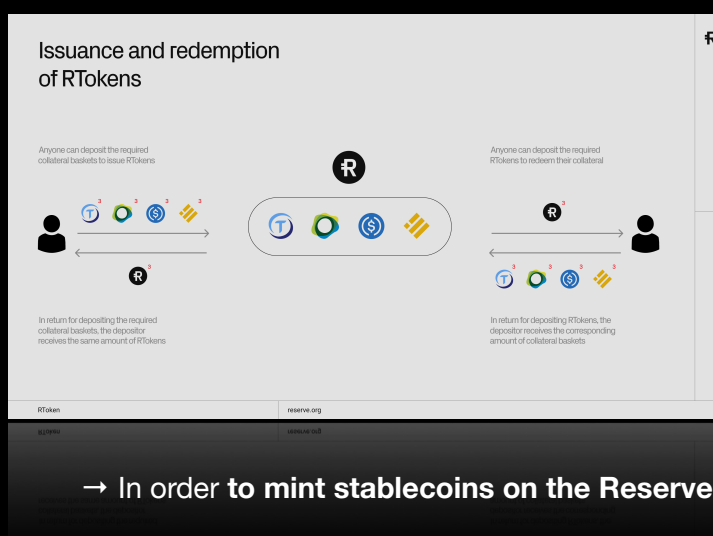✔ **Coinbase Ventures,**
✔ **Digital Currency Group.**

THE RESERVE PROTOCOL HAS TWO MAIN TOKENS:

1. **Reserve Rights (RSR)**: Used for **governance and security** by staking, proposing and voting.
2. **Reserve Token (RSV):** The **stablecoin of the Reserve Protocol**, *100% backed by BUSD (50%) and USDC (50%)*. You can mint RSV with any collateral.

OTHER STABLECOINS AND COLLATERAL THAT MAKE UP THE ASSETS OF THE RESERVE PROTOCOL ARE:

- TUSD
- CUSD
- USDP
- CUSD
- ADAI

The concepts behind **issuance & redemption of RTokens** are very simple:

→ Anyone can bring the protocol X amount worth of collateral baskets and receive X RTokens in exchange for it.

→ Anyone can also bring the protocol Y RTokens and receive Y worth of collateral baskets in return.

The **Reserve Protocol** is working to enable the minting of stablecoins using real asset tokens.

→ In order **to mint stablecoins on the Reserve Protocol**, you must provide collateral.

★ Conclusion:

In my opinion, it <u>won't be long before central banks and governments begin to realize the enormous potential of asset-backed currencies to add new value to national economies</u>, once they overcome their skepticism about this new technology.

Given that **asset-backed currencies** <u>formed the basis of the world's monetary system thousands of years before the 20th century</u>, it's not a surprise that the ***development of blockchain technology has sparked a renaissance***.

Although they have been around for several years, **stablecoins** are <u>only just beginning to explore their potential use outside of the primary purpose for which they were created, which is to protect our assets from the volatility of the cryptocurrency market.</u>

Cryptocurrencies are completely online, so it is not expensive to manage its reserves, it does not take much time to generate the asset, it can be minted in fractions of a second, and it also provides a function to maximize Provider level, which makes deflation, but also prevents the formation of bubbles.

Cryptography tech is still very new to humanity, and if we continue to delve deeper into this new era of technology, we may find our solution to creating a currency that is stable, deflationary, cheap to produce, and available in large quantities, to keep pace with the global economy.

The [Reserve Protocol](#) provide the next step in creating stablecoins that can be used to create censorship-resistant stablecoins, or even the perfect stablecoin for everyone.

ETH: 0xbff3ee7d3648ce6b7de82dea427c3a1629aaf671
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