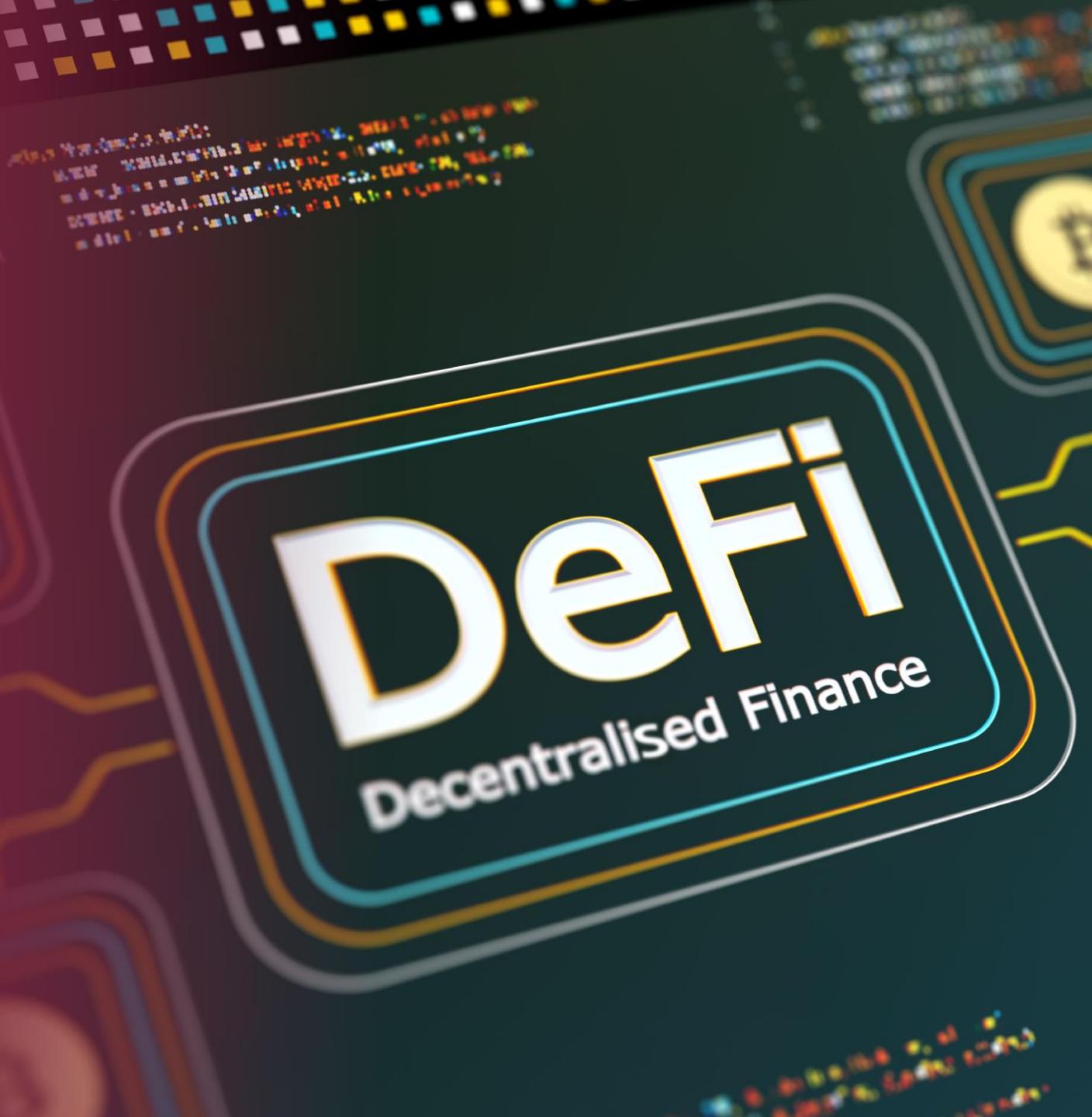


CC0007 Science and Technology for Humanity

Decentralised Finance

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The Evolution of Money



The Evolution of Finance

- Use commodity for trading
- Use precious money → heavy
- Use paper money (start from China)

disadvantages

- Shelf life
- commodity size



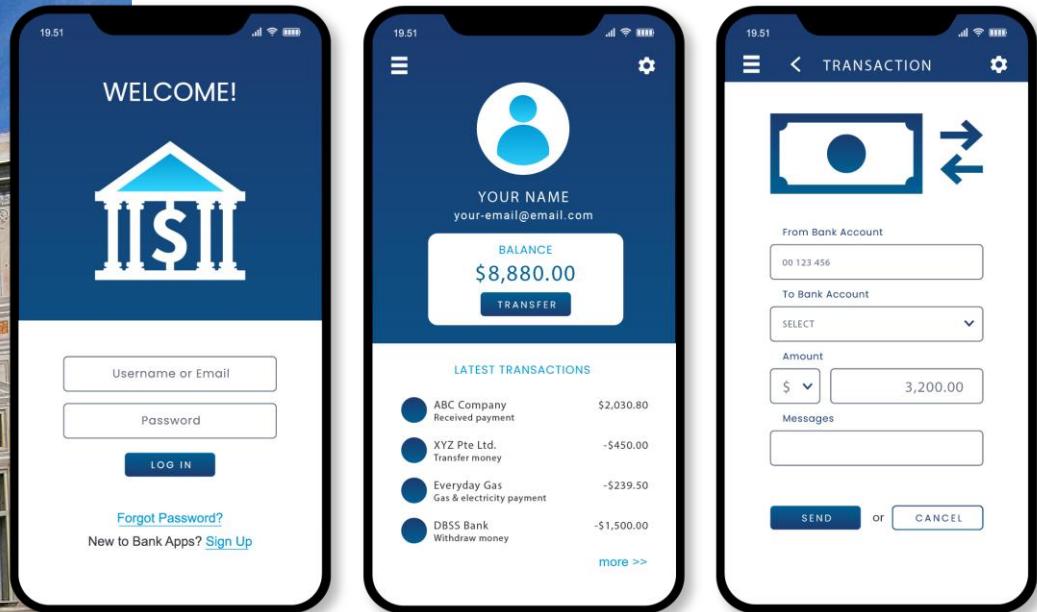
The Evolution of Finance



Bank of Saint George

→ 1407
Oldest

early 1970 → fiat currency
↑ stop gold standard, adopt
gov



Mobile Banking Application

What is Decentralised Finance?

+nid institute

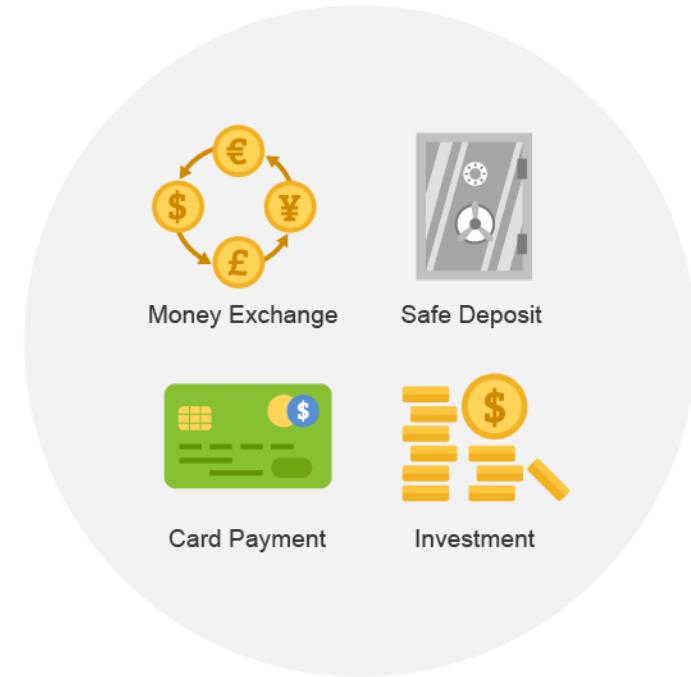
Fiat money transfer



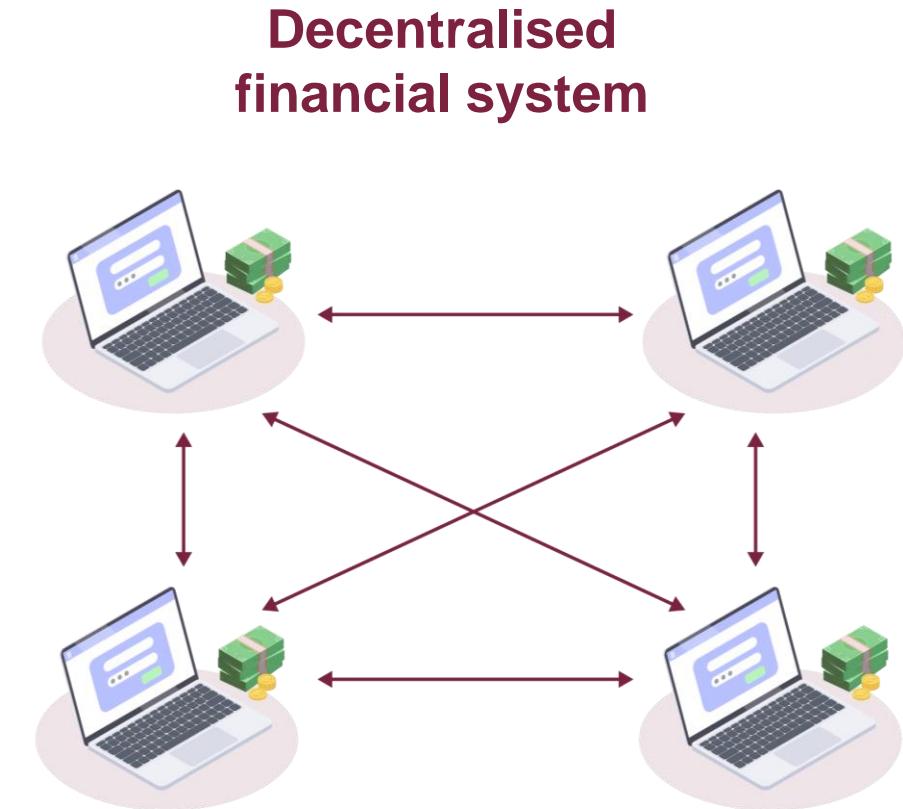
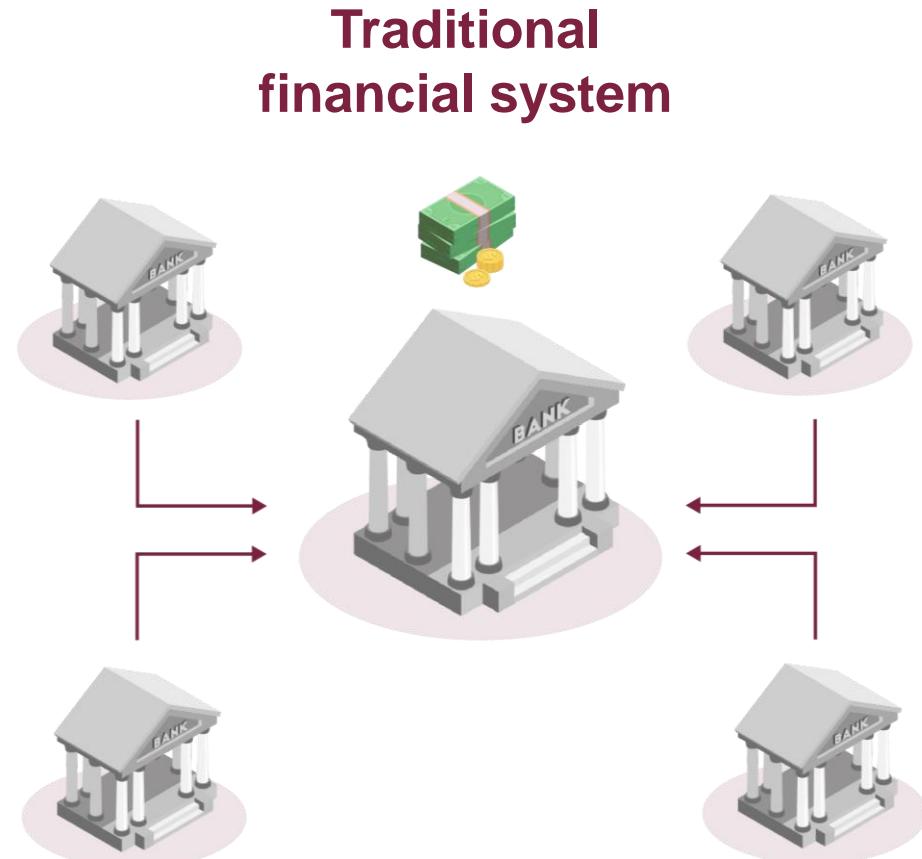
Blockchain



Financial services



What is Decentralised Finance?



What is Decentralised Finance?

Decentralised finance

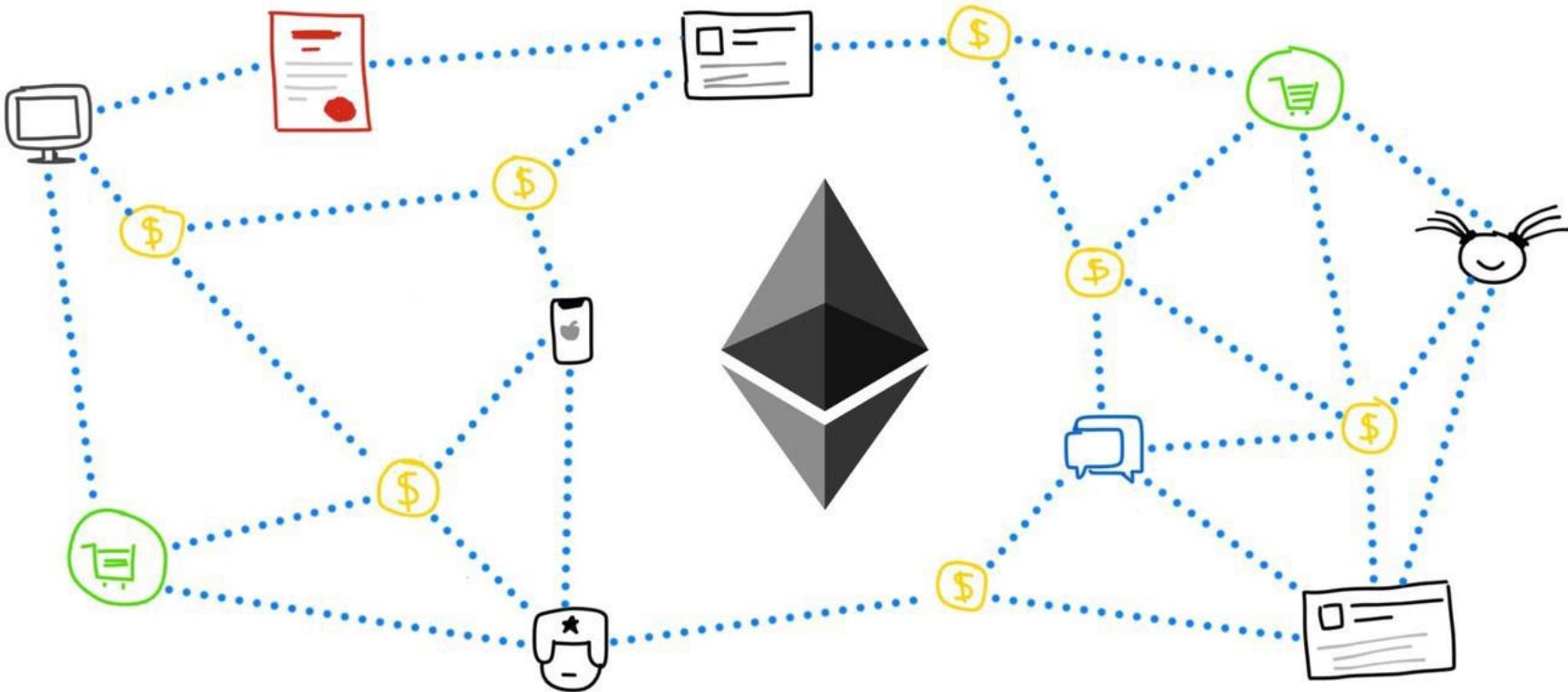
A blockchain-based form of finance that does not rely on central financial intermediaries such as brokerages, exchanges, or banks to offer traditional financial instruments. Instead, it utilises smart contracts on blockchains.



Questions



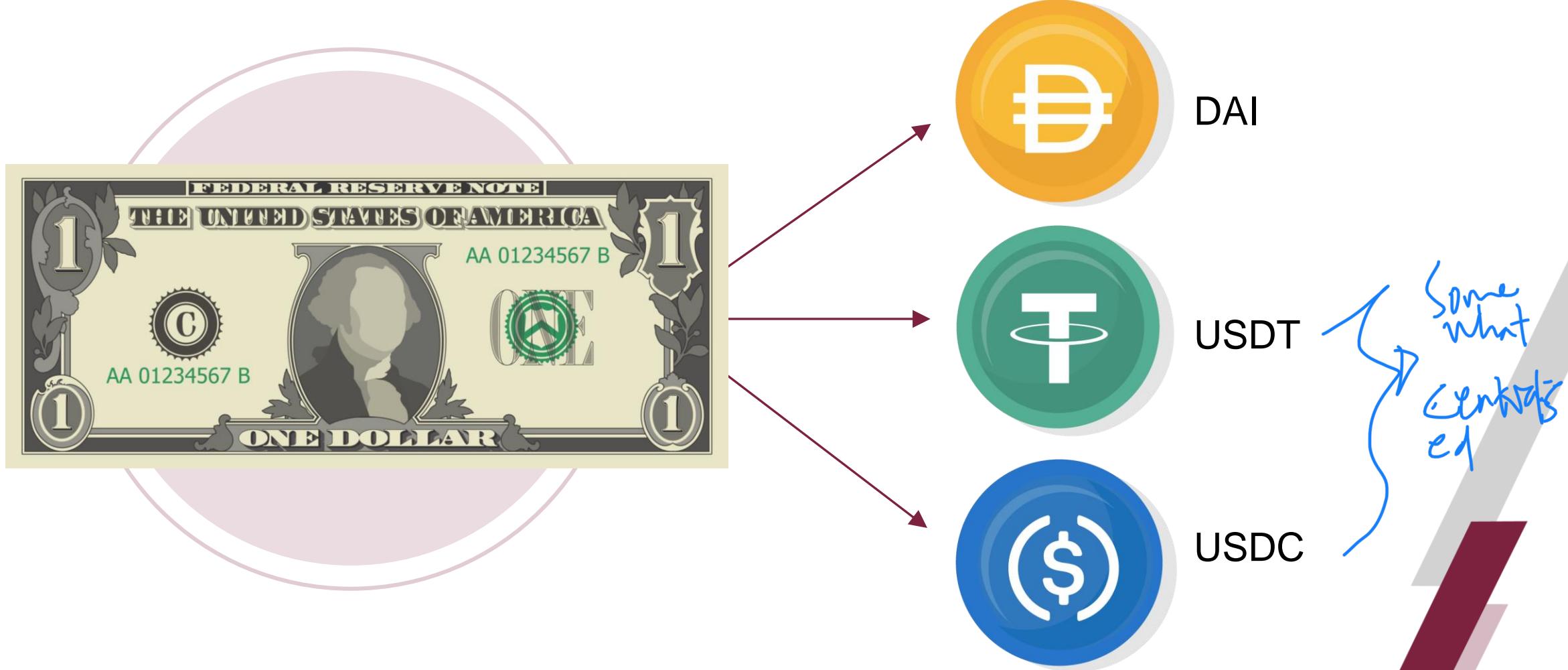
Technical Foundation



The Money in DeFi System: Stablecoins



The Money in DeFi System: Stablecoins



Deep Dive: DAI

A hacked by
crypto collateral

DAI is a stablecoin cryptocurrency on the Ethereum blockchain maintained and regulated by MakerDAO.

A decentralised autonomous organisation (DAO) is an organisation constructed by rules encoded as a computer program that is often transparent, controlled by the organisation's members and not influenced by a central government. In other words, they are member-owned communities without centralised leadership. A DAO's financial transaction records and program rules are maintained on a blockchain.



Deep Dive: DAI



Step 1

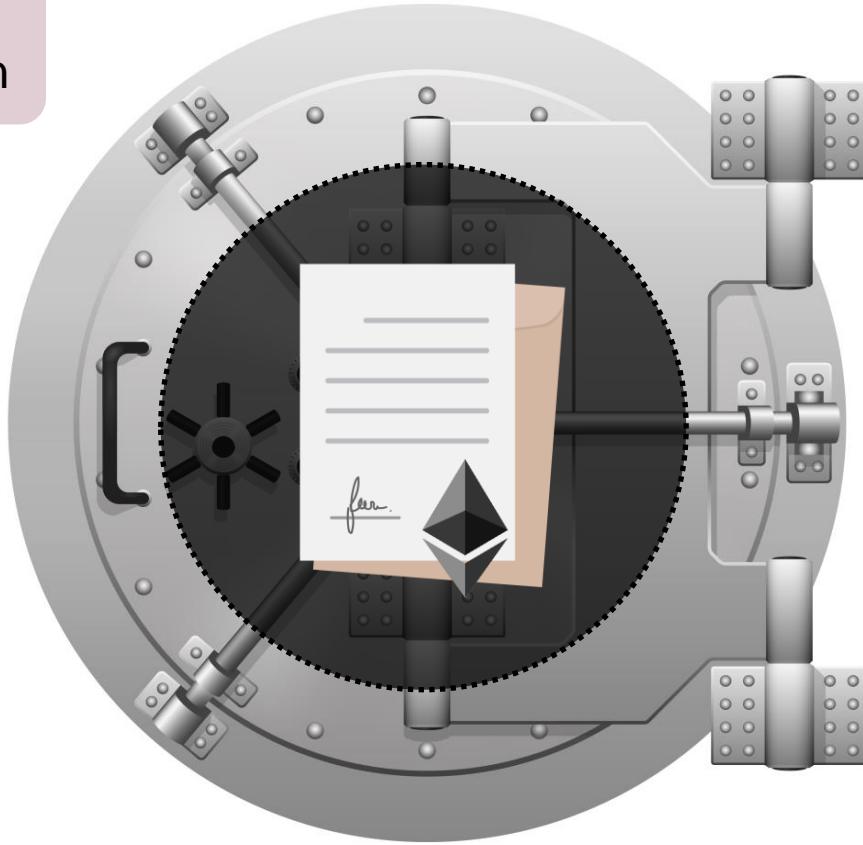
150% ETH deposited
as **collateral** to mint
100% debt in DAI

Over
collateralisation



Step 2

Draw **debt** in DAI



Digital vault
MakerDAO

Deep Dive: DAI



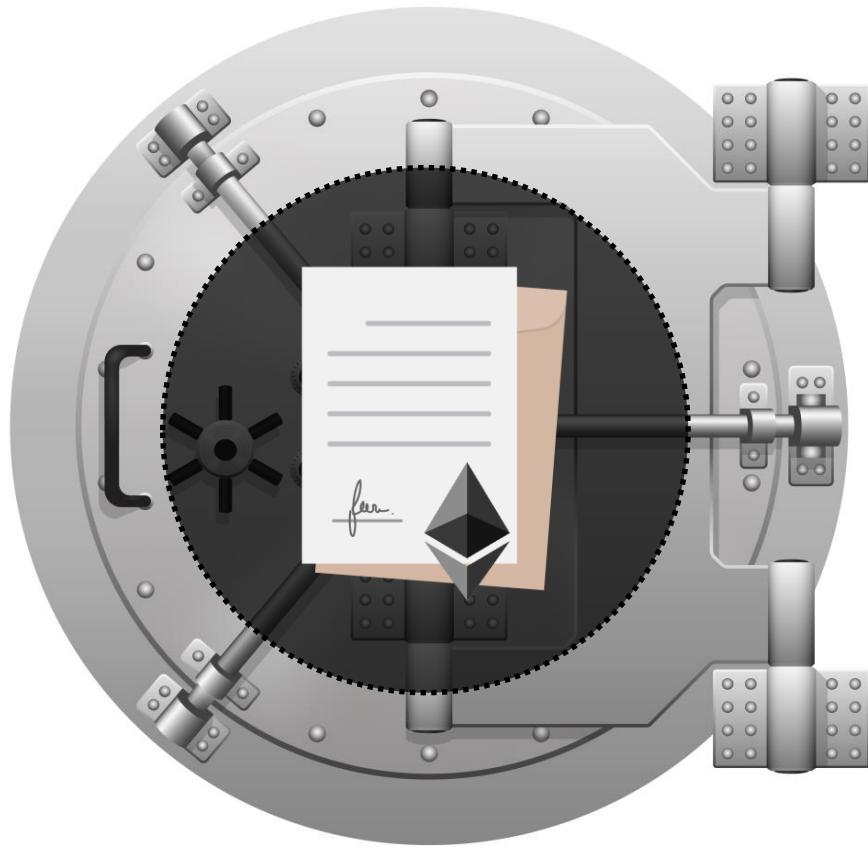
Step 3

Pay back in DAI



Step 4

Unlock ETH



Digital vault
MakerDAO

SCENARIO

- Cost of one ETH is \$1000
- Annual interest rate for borrowing DAI is 1%
- You want to borrow \$1000 
- You can leave 1 ETH as collateral for the loan
- You must lock 1 ETH to receive 1000 DAI tokens

Questions



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