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DEFI: LENDING HEDGING EXCHANGE STABLECOINS





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What is DeFi

Traditional Fintech: Banks govern & control people's assets

DeFi - extra functionality, reduced operational risks

- Individual is the sole custodian of assets
- Open source and dev tool allow for new instruments
- Traditional and newly tokenized assets
- Transparency of issuance, repayments, loans, collateral





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Hybrid Financial Instruments

Crypto assets - digital bearer instruments by nature

- Crypto wrapped around legacy: stable coins, gold bars. Issued, traded, settled on blockchain
- Legacy wrapped around crypto: Bitcoin ETFs, Futures, other derivatives. Issued, traded, settled on Legacy Systems



New Capital Formation (Fundraising)

DeFi elevates Trust, not Performance (Yet)

- A community of supporters can bring more value than VC
- Capital comes with fewer constraints
- Tokens offer more liquidity for investors
- Room for experimentation





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Open Lending Protocols - MakerDAO

- Central Bank on Blockchain
- MKR token holders vote on interest rate
- Create CDP with ETH
- Borrow Dai
- Dai pegs to USD





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Open Lending Protocols - Dharma

- Fixed Duration (90 days), Fixed Interest Loans
- Need matching
- Borrow: ETH 1%, Dai 10%, USDC 8%
- 1.5x ETH collateral
- Liquidation at 1.25x





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Open Lending Protocols - Compound

- Liquidity pool (not 1-on-1)
- Algorithmic interest rates (change every block)
- No fixed duration terms
- cTokens - tokenized balances
- Liquidity effect - interest spread between all suppliers
- 1/10th - reserves and safety cushion
- Community can repay 50% of borrowed asset at 5% discount on collateral
- ETH, DAI, USDC, 0x, BAT, AUG, wBTC





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Decentralized Prediction Market - Augur

- Wisdom of the crowd
- Binary (Yes/No) prediction - buy shares, sum up to 1
- Reputation (REP) token for dispute resolutions
- Sport betting
- Price hedging



augur



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Exchanges - Uniswap

- Uniswap allows exchange any ERC20 and ETH on chain
- Contribute to liquidity pools and earn commissions
- Liquidity pairs 50%ETH and 50%ERC20
- 0.3% fee distributed among liquidity providers





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Stablecoins

- Dai (Crypto collateralized)
- Tether (Fiat collateralized)





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Tips

- Backup your seed phrase
- Never Keep Coins on Exchanges
- Denis Serebryakov
twitter.com/ThatCryptoTO

