

Decentralized Finance (DeFi): Transforming Financial Systems

Definition: DeFi utilizes blockchain technology to create decentralized financial applications, removing intermediaries like banks.

Advantages:

- **Accessibility:** Allows global access to financial services without traditional barriers.
- **Innovation:** Facilitates rapid development of new financial products and services.
- **Efficiency:** Faster and often cheaper transactions compared to traditional finance.

Disadvantages:

- **Security Risks:** Vulnerabilities in smart contracts and platforms.
- **Regulatory Uncertainty:** Challenges in compliance and legal frameworks.

Features:

- Examples include decentralized exchanges (DEXs), lending platforms, and automated market makers.

Uses:

- Providing liquidity, trading digital assets, borrowing and lending cryptocurrencies.

Applications:

- Platforms like Uniswap for decentralized exchanges, Compound for lending and borrowing.

Examples:

- Yield farming on platforms like SushiSwap, where users earn rewards by providing liquidity.