Technology Enhancement

Why do individuals use yield farming?

Seminar Paper

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DeFi:	Decentralized Finance
DEX:	Decentralized exchange
DLT:	Distributed ledger technology
APY:	Annual percentage yield
dApps:	Decentralized applications

1. Introduction

Banks provide financial support for corporate investment and household consumption. Therefore, transactions in the traditional financial world usually require the use of an intermediary: to transfer money you need a bank, to buy shares you need a stock exchange, and to order food you need a delivery service. In this process, the house banks or even the ECB are centrally controlled. The bankruptcy of Lehman Brothers and the subsequent financial crisis had a worldwide impact on the economy and the financial markets. This led not only to a loss of mutual trust between banks, but also of citizens' faith in the financial system and its institutions (Earle 2009).

When Bitcoin debuted in 2008, it emerged to offer a whole new alternative to the world of finance. Its underlying technology is the blockchain, which became interesting in terms of the idea that data can be stored, managed and processed in a decentralized way through a consensus mechanism of all participants. A new movement emerged in which people wanted to move away from the centralization of the banking system and toward decentralization. Features such as censorship resistance, access for everyone, open source and independence are the maxims (Nakamoto 2008). Especially with the introduction of Ethereum in 2014, the blockchain industry got a way to make digital money programmable even more freely through so-called smart contracts. It made it possible to build an alternative to traditional financial services, allowing participants to cut out the middleman and perform deals directly with each other (Cong and He 2019).

Based on this, the decentralized finance (DeFi) movement appeared, which can offer financial products and services from centralized and traditional institutions. This allows not only to lend loans or to invest into cryptocurrencies, but also to create a variety of investment strategies that can be combined with individual services being offered to achieve the highest possible return. The term Yield Farming describes this relatively new concept and is gaining more and more popularity among current users.

The goal of the seminar paper is to identify, why individuals use Yield Farming. First, the essential core contents of DeFi and Yield Farming are presented (Cousaert et al. 2022). In the course of the work, which is based on the method of qualitative research, technical terms should be comprehensible for the reader. At the beginning literature databases like Scopus, EBSCO Host or Google Scholar were searched for term definitions. With the help of the literature found, the respective content points can be explained.

This seminar paper is divided into 5 chapters. After the introductory chapter 1, which describes the motivation, goals and approach of this paper, the theoretical foundations are explained in chapter 2. First, a general overview of the topic is given. It will look at the basic components of DeFi and the areas of application in more detail. This is followed by an examination of yield farming and Cenfetelli's theory of technology use, which will provide the theoretical basis to identify barriers and enabling factors.

Moreover, chapter 3 describes the data collection and analysis process. The following chapter examines the findings and results of the found inhibitors and enablers. Finally, chapter 5 critically discusses the results in light of the theoretical and practical implications and identifies limitations of the work and the state of the research. Furthermore, it summarizes the most important points of the work and gives an outlook as a conclusion.

2. Theoretical Background

This chapter explains the theoretical background of the topic of decentralized financing. The first step clarifies the general definition of decentralized financing and looks at how it is structured. In the next step, different types of its application are presented. Based on this, an explanation is given about what is meant by Yield Farming and its functionality is examined in more detail. Besides that, this section also introduces the theoretical concept of “Inhibitors and Enablers as Dual Factor Concepts in Technology Usage”, which is used as a basis for the qualitative analysis.

2.1 Foundation of Decentralized Finance

Currently, there is no standard legal and technical definition of DeFi. It is used for future financial developments that do not have any central authorities or responsible parties. Likewise, this also considers the discussion on regulation and the decentralized use of financial services. At its core, DeFi consists of a set of technologies and elements that include the following: (1) decentralization; (2) blockchain; (3) distributed ledger technology; (4) smart contracts; (5) disintermediation; (6) open banking and (7) stablecoins. In order to understand what DeFi is all about and how this technology works, it is essential to explain the central concepts (Zetzsche et al. 2020).

1) Decentralization is the shift of the control function and decision-making power from a central authority (individual, organization, or group) to a decentralized network. It aims to reduce the trust relationship between actors and discourage them from exercising mutual authority or control, which would have a negative impact on the functionality of the network (Gencer et al. 2018).

2) The Blockchain represents a decentralized data structure and is a transparent database in which every transaction and information creation, management, payment, etc. is recorded and stored. Its transparency is ensured by the accessibility of all participants of the system. Unlike other databases, the blockchain is not supported and managed by a central authority, as the computing power of each participant is used to maintain the entire database. Transactions are combined and bundled into a block, checked for validity, and then linked to the previous block through a complex and computationally intensive process. Consequently, the Blockchain is a neutral system of information processing that cannot be manipulated (Ali et al. 2020; Makarov 2022).

3) Distributed ledger technology (DLT) describes a digital method for recording asset transactions in which the individual activities and their details are recorded simultaneously at different locations. Unlike classic databases, distributed ledgers have no central data storage and no management function (Chen and Bellavitis 2020; Pahl 2018).

4) Smart contract refers to computer code running on a blockchain that performs automatic actions when a certain condition is met. A series of instructions and rules are defined in the code according to which the parties to this smart contract agree to interact with each other. This means that a wide variety of contract conditions can be stored. Certain actions, such as payments, can be executed automatically when the necessary trigger, such as the fulfillment of the contract or agreement in the smart contract, is triggered. They can generally automate manual activities and have the potential to save costs and time on a large scale (Kushwaha et al. 2022; Vacca et al. 2021).

5) This term refers to the bypassing of an intermediary in a financial transaction. Capital seekers do not cover their financing needs through bank loans but borrow directly from capital investors. These do not invest in the banks' financing instruments but make their investments directly with the capital seekers. The matching of capital supply and demand can take place via crowdfunding platforms, for example (Haentjens et al. n.d.; Parekh et al. 2021).

6) Open Banking points to the openness and use of banking services that can be used outside the online banking of a particular bank - for example on third-party platforms. In addition, it refers to supports that go beyond the respective bank's own offering and integrate services and offers for its customers (Laplante and Kshetri 2021; Premchand and Choudhry 2018).

7) A stablecoin is a digital currency that is pegged to a "stable" reserve asset such as the US dollar or gold. Stablecoins serve to reduce volatility compared to unpegged cryptocurrencies like Bitcoin. They are now mainly used for trading crypto assets and are an important facilitator for the defi. Through them, users can trade quickly and efficiently without having to convert or transfer existing assets into fiat currencies (Ante et al. 2021; Pernice 2021).

According to Zheng and Cai (2018), the end outcome is a transparent financial system with equal access rights and fewer intermediaries, which can cover a large part of the services offered by banks. It is possible to earn interest, take out loans, lend money, take out insurance, trade in derivatives and much more. The transactions are peer-to-peer, which means that they are between two people and not via a central authority, whereby no details of clear names have to be given and the content is open for all. This usually takes place with the help of decentralized applications (dApps), which are mostly based on the Ethereum blockchain (Wu et al. 2021).

2.1.1 DeFi Use Cases

Users who want to earn money and generate returns with DeFi have several options. They can increase their own capital and generate passive income by staking, lending, and advanced strategies like yield farming.

Staking is a way to earn money passively by holding coins. Users keep and make them available to the network, which uses those to reach consensus or validate new blocks, for example. With the so-called “Proof of Stake” mechanism, they are validated on the blockchain and ensure proper functioning. The compensation for this work and for the capital investment is made through the payment of so-called Crypto Staking Rewards. They are relatively frequent and can generate passive income (Abdulhakeem 2021; John et al. 2021).

DeFi lending is a crypto-based loan in which the lending transaction is usually carried out via lending platforms that bring lenders and borrowers together. In this case, the borrower makes his coins available to an exchange so that it can lend them to other users of the respective platform. The allocations are usually over-collateralized, i.e., the borrower has to deposit a higher share of the cryptocurrency than he is allowed to lend. In addition, the amount of interest is also fixed, whereby this percentage value depends on the demand for crypto loans, the platform used, the cryptocurrency lent, and the number of coins provided. At the end of the loan period, the provider receives back the

coins he gave plus the contractually agreed interest. The technical platform receives a small share of this interest (Bartoletti et al. 2021; Gonzalez 2021; Gudgeon et al. 2020).

Yield farming is an umbrella term, which describes a strategy that allows people to earn a fixed or floating rate of interest by investing in a DeFi market, for example by allocating cryptocurrencies to loan, credit, and liquidity pool opportunities. It also refers to maximize the annual percentage yield (APY) through the combination and switching of tactics through 1) liquidity mining, 2) leverage and 3) risk (Arslanian 2022; Scharfman 2022).

1) Liquidity mining is a mechanism whereby investors invest their cryptocurrencies in a pool and make them available to a decentralized exchange (DEX). The providers are rewarded for this provision by being paid a portion of the fees that have accumulated on the marketplace through transactions (Haig 2022; Sun et al. 2021; Yin and Ren 2021). If this strategy doesn't work anymore or a better one is available, yield farmers move their funds back and forth between different platforms or swap some cryptocurrencies that currently produce more revenue. This process is sometimes called crop rotation (Maouchi et al. 2022).

2) Leveraged yield farming allows farmers to leverage their current farming position, i.e., borrow external funding, in order to be able to work with it. As a result of higher staking capital, higher returns can be achieved. Before one can trade with leverage, it is necessary to put up the available initial capital as collateral. Its amount depends on the intended level of leverage that one wants to open. Here it’s possible to use the borrowed coins as further collateral and borrow even more coins. By repeating the whole process, yield farmers can multiply the initial capital invested many times over and get an higher return (Finance 2021; Wang et al. 2022). With the strategies described above, leveraging can accommodate a variety of different market conditions and opens up potential earnings, even for market-neutral positions, regardless of whether the market is trending up or down (Huang 2021).

3) The last missing element is the investor's readiness to assume a risk and its management. While less capital is needed at the beginning when trading with leverage, volatility and sharp price movements can lead to large losses. Here it is important to use management strategies such as stop-loss and take-profit orders in order to minimize risks and reduce potential downfalls. On the one hand, stop-loss orders can automatically close the position at a certain price, which is very useful if the market moves against the desired price. On the other hand, positions are automatically closed when profits reach a certain value, which can be secured before the market situation changes. (Onajite 2021; Perez et al. 2021).

In summary, Yield farming strategies are a series of steps designed to achieve a high return on capital. These steps typically involve at least one of the following: lending, borrowing, providing capital to liquidity pools, or staking tokens.

2.1.2 Challenges and Risks

The use of yield farming poses new risks, which will be explored in more detail below. First, bugs in smart contracts can lead to malfunctions in the software that allow hackers to trick security holes and steal funds. Second, there is a risk of liquidation, if the value of the provided collateral has fallen below the value of the loan. This automatically closes the credit and releases the funds to the lender. Moreover, the so-called "gas fees" pose a risk as well. The fees for depositing funds can be very high and reduce the

revenue generated. Furthermore, liquidity providers on DEX face the risk of permanent loss due to high volatility if the price of a cryptocurrency changes significantly. Once the holder withdraws the assets from the liquidity pool, the losses are permanent. In addition, exogenous factors such as a lack of government oversight and regulation could change the situation, as it is difficult to predict whether and to what extent those will affect investments (Aramonte et al. 2021; Bekemeier 2021).

2.2 Inhibitors and Enablers in Technology Usage

In 1966, Herzberg (1966) published the two-factor theory, which states that people have different needs that lead to positive or negative outcomes. These in turn lead to satisfaction or dissatisfaction. Cenfetelli (2004a) used Herzberg's theoretical framework in IS research to provide possible explanations for the barriers and enablers to technology adoption. He argues that they are not mutually exclusive, but rather have unique characteristics that make them distinguishable and separable constructs. As a result, they can lead to the same outcomes in different but not necessarily opposing ways. He created a matrix in which the underlying enablers and barriers are IS use and user perceptions (Cenfetelli 2004a). In the following sections, these are explained in more detail.

Enablers

At a fundamental level, enablers are described as external beliefs about how a system is built and how it works. These either promote or hinder its use. In this context, DeLone and McLean's (2003) user satisfaction paradigm provides an information base on which to identify the full range of beliefs about system properties. From a psychological perspective, they are only important at the negative end of the positive-negative spectrum. Enablers are important for evaluating use, i.e., whether a user will adopt a new system or not. They help to increase the likelihood of use. Norms and expectations also play a crucial role in whether events or processes are seen as psychologically significant and attract the user's attention (Cenfetelli 2004b, 2004a). Previous research on technology acceptance assumed that certain factors, such as perceived usefulness, lead to acceptance, while their absence was cited as a causal reason for rejection (Venkatesh 2001).

Cenfentelli divides barriers and enablers into two categories: High enablers/barriers describe factors that contribute significantly to systems being used or rejected. For example, if the user perceives a high system, information and service quality, the system is perceived as reliable, up-to-date, and compatible. In this context, these factors not only promote acceptance of the system, but also increase the likelihood that they will continue to be used after initial adoption, provided they are generally well designed and functionally appropriate. Nevertheless, the presence of barriers can lead to their discontinuation. Low barriers, on the other hand, are the lack of or poor perception of the system, information and service quality mentioned above. The user is less likely to want to use the system if they perceive it as poorly designed and functioning. If the user's needs are not met or addressed, acceptance is less likely (Cenfetelli 2004a; Cenfetelli and Schwarz 2011).

Inhibitors

On the other hand, Cenfetelli (2004a) describes barriers to using a system as perceptions that are qualitatively different from the large number of positive beliefs found in the user satisfaction literature. An inhibitor leads to clear and salient negative perceptions

about the system and its intentions to use. Presence or absence, diagnostic ability and the impact of negative or positive information are all important factors in this decision. They affect information processing when there is a clear asymmetry in the speed and certainty of the decision. In this case, they lead to faster and more certain decisions. However, they also distort the perception of other beliefs, which is not the case with enablers. They directly and indirectly affect the use and adaptation of systems, as they are influenced by the presence or absence of inhibitors (Cenfetelli 2004a; Henderson et al. 2016).

As a result, barriers cancel out the effect of enablers and increase the likelihood that systems will be rejected. He describes in his matrix that low barriers lack the perception of system features that would discourage use if barriers were present. In the case of high barriers, the user perceives the system features as negative without a counter design to oppose this. Examples include lack of documentation, rapid changes and intrusiveness. Venkatesh and Brown (2001) described in their study on PC acceptance that rejection becomes likely as soon as a system is perceived as unstable (Cenfetelli 2004a).

Current state of research

Recent IS studies show that investigating barriers and enabling factors is common in both practice and research. The study by Balakrishnan (2021) explored resistance and attitudes towards AI voice assistants. Status quo bias theory, perceived value, switching costs and threat were used as inhibitors. As enablers, TAM variables were considered to include perceived ease of use and utility. The results of the study show that younger people are more receptive to change than older people and that inertia does not create significant resistance among respondents. Furthermore, the perceived value of voice assistance was found to be a potential enabler that prevents resistance and barriers. The conceptual framework is used by Rahman (2021) to investigate acceptance and rejection in the electronic control system. For this purpose, consumer value theory and status quo bias were used to describe possible reasons for adoption or non-adoption. Similar to Balakrishnan, it is found that switching costs and perceived risks can be described as resistance, while functional and social value were identified as enablers.

3. Methodology

This section describes the process of data collection and analysis. It explains how the interviews were collected and what causes for the (non)use of yield farming can be derived.

3.1 Data Collection

To find out why people use yield farming, the strategy was to interview people who own cryptocurrencies and use or have considered using yield farming. In this way, respondents have initial experience with DeFi applications such as stacking or lending and can provide insights into the reasons that led them to use or not yet use yield farming. Potential individuals who met the criteria were contacted through various channels such as Reddit, Discord and Telegram, as information on DeFi topics is especially shared there. Thus, 10 people could be interviewed, which is a sufficient sample for the survey in the context of the seminar paper (Sandelowski 1995). After these interviews, empirical saturation occurred as no new information was given (Saunders et al. 2018). The

age of the interviewees ranged from 22-51 years, all of whom were male. During the research, it was noted that a minimal proportion of the community were women who did not want to be interviewed. Most of the interviewees had a technical or business background and were from the United States, Nigeria, Spain, Benelux, and Germany. The interviews followed a semi-structured qualitative interview by Myers and Newman (2007). All interviews were recorded with the consent of the interviewee and transcribed for analysis. The average duration of the interviews was 30 minutes.

3.2 Data Analysis

The next step was to create an interview guide based on Myers (2007). Qualitative interviews are an important and useful data collection tool that is also used in IS research. The prepared guide is divided into four sections consisting of opening, introduction, key questions, and conclusion. It is attached as an appendix (see Table 1). At the beginning, the interviewee is asked for permission to record the interview. Both the interviewer and the interviewee introduce themselves. Then the structure and reasons for the interview are explained. In the introduction, one wants to know from the interviewee which cryptocurrencies he/she owns and since when they have been held. Questions are also asked about the extent to which they use DeFi and yield farming. This includes asking what platforms they currently use.

Key questions address the causes and reasons why the respondent uses or does not yet use Yield Farming. They were asked what they like about yield farming, what difficulties they have encountered in using it or what has stopped them from using it so far. In the final section of the interview, respondents had the opportunity to provide further information and recommend people who use DeFi.

The results of the qualitative research were coded according to Myers' scheme (2019). One focused on respondents' statements describing a link between the positively described impressions and the associated use of yield farming, as well as the negative impressions that led respondents not to use it then or even now. The descriptions were then descriptively coded in the next step. Based on this, similar statements made by the respondents were summarized through interpretative coding. In this way, the coded statements could be categorized as favoring or hindering the use of yield farming. The coding examples of this process can be found in the appendix (see Table 2).

4. Results

The following chapter looks at the findings and results of the work describing the enablers and barriers to the use of yield farming. In this context, most respondents indicated that they have held cryptocurrencies since 2016/2017. The most held currencies were Bitcoin and Ethereum. In addition, platform-specific tokens, as well as blue-chip cryptocurrencies such as Alpaca or Ant Token were also indicated. When asked which DeFi platforms they use for general applications and yield farming, a variety of protocols were indicated. It was noted that many users are on the platform they trust and that they occasionally test other projects. Solana, Cardano, Pancake Swap and Alpaca Finance were mentioned most frequently. Three enablers were identified as the basis for using Yield Farming, while four barriers were identified as then or now barriers to use. These are summarized in Figure 1.

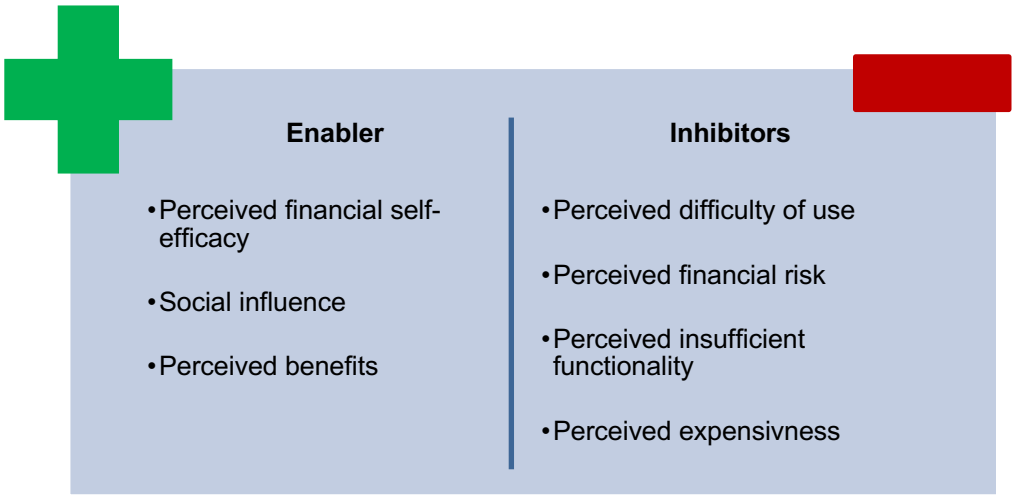

Figure 1 Summary of Inhibitors and Enablers for Yield Farming Usage

4.1 Enabler

Factors were identified that provide reasons why individuals use yield farming. These contributed directly and indirectly to use. In doing so, respondents cite the enablers in a way that encourages them to use it. These are perceived benefits, perceived financial self-efficacy and social influence. These factors are assumed to facilitate use and provide reasons for usage. In the following, a closer look at these will be taken.

Perceived financial self-efficacy. In the following perception, respondents are convinced that they are responsible for their own financial investment strategies, and they confidently assess their own ability to increase returns by taking manageable risk.

Social influence. Here, intended, and unintended efforts and social encounters are described that influenced the attitudes and beliefs of the respondents. In this context, respondents initially learned about yield farming through friends and work colleagues or had to engage with it through their workplace. These indicated that the social exchange increased the willingness to engage with the topic and to start with yield farming.

Perceived benefits This perception describes the respondents' belief that a certain behavior, in this case investing through yield farming, is associated with positive financial outcomes. As a result, respondents perceived higher financial benefits and returns that can be achieved compared to the traditional financial system.

4.2 Inhibitors

Through the analysis, the study identified four barriers that describe the reasons why the surveyed users have not yet started using yield farming or what has prevented them from using it so far. These barriers are perceived difficulty of use, perceived insufficient functionality, perceived financial risk, and perceived expensiveness. These were mentioned in a direct context and can be assumed to negatively influence the intention to use. The following is a presentation of the above barriers identified through the above coding process.

Perceived difficulty of use. This perception describes the lack of understanding of the use at the beginning and the difficulty in learning the subject matter to understand how

the yield increase works. It also includes the users' impression that additional time is needed to acquire knowledge.

Perceived financial risk. This perception describes the fear of financial losses due to fraud, price fluctuations, lack of regulation and non-payment. Users therefore saw yield farming as risky, which on the one hand lowered the initial investment amounts and on the other hand delayed the start of use to observe existing projects for longer.

Perceived insufficient functionality. It describes the perception of insufficient and missing functionalities and dangerous security gaps. Respondents cited this as a reason to switch to alternative projects and platforms and to wait for bug fixes.

Perceived expensiveness. This disincentive is the perception of too high costs in terms of initial investment and transaction costs relative to the monetary value to be generated. Respondents indicate that the aforementioned costs reduce returns too much to be profitable and that the seed capital required to generate lucrative returns is a barrier to entry.

5. Discussion

The following chapter looks at the results of the work, which are critically reviewed and discussed. Yield farming is a lucrative investment strategy in DeFi that attracts many people worldwide (Zhiyuan 2022). For it to become established in the long term, it is not only necessary for enough users to interact with each other on yield framing platforms, but also for security-related aspects to be considered. Consequently, it is also of practical relevance to look at enablers and barriers to get a better understanding of why people do or do not engage with it. Through a qualitative analysis based on 10 interviews with users who are using or considering Yield Farming, the seminar paper will provide insights into the enablers and barriers relevant to the context of investing in DeFi.

5.1 Theoretical Implications

First, most previous academic articles on technology use focus on the adoption and benefits of software and hardware, with the core elements and focus on technologies that have reached the Early and Late Majority (Rogers 1983). In the context of this work, a contribution was made to explain the adaptation or use of yield farming, for which there is still no uniform definition in the literature, in the DeFi sector with the help of Cenfetelli's two-factor theory (2004a). For this purpose, barriers and supporters were identified through qualitative analyses and context-specific causes of use and barriers were found. These findings help to draw further conclusions on the individual use of yield farming. Furthermore, the results show that social influences, personality traits and potential financial benefits provide reasons for using this strategy compared to traditional investment strategies in the financial world. It was found that the potential economic incentive as well as the individual responsibility to invest one's money is a main reason for using the farm, while the perceived risks of loss of value and quick profits slow it down.

Second, this study contributes to and builds on several strands of research (Meyer et al. 2022; Zetzsche and Anker-Sorensen 2022). On the one hand, it extends the recently proposed literature on DeFi and complements it with the current IS literature on

technology use and acceptance. Similar reasons and beliefs resonate in previous IS literature and are also known from research in other contexts. A study by Perdana (2022) examined the benefits that small and medium enterprises can derive from data analytics, where social influence was a catalyst and privacy concerns were a predictor for realizing the benefits of analytics. Similar parallels can be drawn here in relation to doubt. In another study by Bian (2020), security concerns and perceived risks were identified as the main cause, negative attitude and main barrier to the use of cloud computing in enterprises

Following the qualitative analysis and literature review conducted, this study is one of the first to explore the intentions to use yield farming and to contribute to the topic. It sheds light on what is meant by the term and the intentions of individuals to use it. Due to the lack of research documents, 10 people were interviewed who use DeFi and use or consider using Yield Farming. Analysis of these interviews identified 3 enablers and 4 barriers that affect usage of Yield Farming. This shows another research contribution where there are context-specific perceptions that hinder or encourage the use of the technology. These findings can also be used to explain new and additional usage intentions in DeFi, or to identify additional constructs and contexts in this field. Nevertheless, the results are only at the beginning of the investigation of this broad field of research on DeFi and Yield Farming in particular. They can therefore be used for future theories on this or similar topics.

5.2 Practical Implications

The evaluated results on why people engage in yield farming can provide practical guidance and advice for operators of DeFi platforms, as well as for potentially interested users. Basically, it shows that the belief in the offered platforms and its security play a significant role in whether people use Yield Farming or not. The first impression the website gives is crucial, because it creates trustworthiness and reliability. It should be noted that there is a fine line between people placing their trust in a platform and investing their money. If they are too badly or too well designed, this conveys either the feeling of a bad copy or a platform that looks too good to be true. Platform providers can use these insights to attract long-term, stable users and become established. A perceived good web presence and an active community, known to exchange information on Discord or Telegram, can lower barriers to entry.

Another negatively perceived aspect among new interested users is the stated high return compared to stock indices. On the one hand, users are lured by the monetary intentions, but on the other hand, they tend to be deterred because of the suspicion of a pyramid scheme. A further critical aspect of newly offered platforms for yield farming are the security gaps in the protocols. The evaluations and recent events at DAO and Lunar have shown that newly offered protocols can be exposed to attacks, false transactions, etc. (Hurst 2022). As experienced yield farmers usually rely on older or existing projects, it is important for new providers to explain and defend against clear security-related aspects around the protocol, crypto whales, or other threats in their whitepaper. In addition, an existing community can reduce the perceived risk, as one can exchange information with them.

Nevertheless, there are also practical implications for the potential users of revenue farming in the future. In addition to the security risks already mentioned, there is also

the risk of a total loss of value due to rug pulls, which also hinders the intention to use. A rug pull is a malicious maneuver in the cryptocurrency industry where crypto developers abandon a project and run off with investors' funds (Binance 2022). To minimize the risk of falling victim to such an event and lower the perceived risks, it is essential to do research and familiarize yourself with the community, the whitepaper, and the platform. Especially for new projects, it is advisable not to invest large sums and to observe further developments. Interested users in yield farming are therefore advised to use older and existing projects and platforms that have an existing community without a high turnover of members.

5.3 Limitations and Future Research

This seminar paper is a contribution to the growing literature on DeFi. It is also one of the first to specifically examine why people use yield farming. Therefore, researchers are encouraged to look into the aspects of its use. Furthermore, the findings of the study are limited and have constraints that need to be considered. The result has its limitations in terms of data sample due to the short time frame of the research project. Initially, a sample length of ten users was set to meet the requirements for the interviews and the related qualitative analysis. Here, the search was for people who use decentralized finance applications and are already yield farming or are still considering doing so. This framework did not include individuals who would be Yield Farming but do not yet own cryptocurrencies and or do not yet use other DeFi applications. This would require future studies to explain why individuals who would engage in DeFi applications and Yield Farming do not yet buy cryptocurrencies or what prevents them from doing so or why they do not use DeFi. The qualitative approach is appropriate in the context of this work to identify the barriers and enablers that can explain Yield Farming usage intentions. The data also suggests that users use multiple platforms to achieve higher yields. This is where future research, in the context of yield farming, could investigate why individuals switch platforms or use multiple platforms simultaneously.

Furthermore, it can be investigated whether negative or positive events, such as the crash of the Terra UST stable coin and the interlocking LUNA coins, influence the readiness and perception (Bezinga 2022). As the field of research on yield farming is relatively new, it is conceivable that future research could investigate the resurgence of yield farming. In the longer term, it would be interesting to find out why people stop yield farming and what the main reasons for re-entry are. Quantitative research approaches could support and validate current and future findings.

Overall, the dual factory for technology use cannot fully explain why individuals use Yield Farming, as personality-related reasons, age and gender are also factors for or against use, in addition to perceived barriers or facilitators. In the interviews, respondents indicated that they are inquisitive and tech-savvy. Thus, 4 out of 10 respondents showed and expressed the personality trait "Openness to Experience", which also can be considered as an indicator for technology acceptance and usage (McCrae 2004).

6. Conclusion

This concluding chapter summarizes the main findings of this seminar paper.

With the continuous emergence of digital technologies, it has never been easier to invest and make profits with cryptocurrencies. The focus and primary objective of this

seminar paper was to find out, based on the existing literature and through qualitative interviews, which inhibitors and enablers encourage or prevent the use of yield farming. In the course of the work, it became clear how diverse and to what extent DeFi and its applications can be used. After the description and introduction of the theoretical basis, the relevant theory about the intention to use technologies was explained by Cenfetelli. Based on this, it was shown which inhibiting and facilitating perceptions exist, in order to use technologies in general. This laid the theoretical foundation for the interviews, data collection and analysis. In this context, the interview guide according to Myers (2007) formed the scientific framework for the structure of those. Based on the results, various barriers and enablers could be identified that concretely describe both the use and non-use of yield farming. They also provided practical and theoretical implications.

In summary, yield farming describes a strategy to invest in a decentralized market and achieve high returns. As a very interdisciplinary and new field of research, DeFi and its application in general have a significant role in research and practice. In the interviews, many possibilities were mentioned that tend to be able to bring a better return on the capital invested than is possible in traditional finance or even in centralized crypto finance. Of course, these also come with risks. Some of them are probably still unknown in theory and practice. Yield farming has the potential to increase user adoption and encourage more people to use DeFi. However, it may also make it more difficult for ordinary users who are not currently interested to realize their usage intentions. It requires knowing and dealing with variable interest rates and individual token distribution strategies.

An important question is also, what regulatory measures will be taken in the future for DeFi and Yield Farming in particular. Therefore, the prospect and the dealing with it, is an area of research that needs more attention. It therefore seems very interesting to follow the further development of this topic.

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Appendix

Section	Description
Opening	▪ Introduction of interviewer and study background ▪ Do you consent to us making an audio recording of the interview?
Introduction	▪ Explain the interview process and the reasons for the interview ▪ Do you own cryptocurrencies? Since when? ▪ In what ways do you use cryptocurrencies? ▪ What type of DeFi do you use as well? (Lending, Staking etc.) (Why/Why not?) ○ Are you familiar with yield farming? ▪ How long have you been using it? ▪ How often or how much do you use it? ○ What platform do you use for yield farming?
Key Questions	**Users of DeFi**
	▪ Why do you use Yield Farming?
	▪ What holds you back from using Yield Farming?
	▪ What do you like about Yield Farming?
	▪ What difficulties have you encountered in using yield farming?
	▪ What stopped you from using yield farming back then?
Closing	▪ Do you have further information that you would like to share? ▪ Do you know anyone else who also uses DeFi? ▪ Thank you for the interview

Table 1 Interview Guideline

Data Examples	Descriptive coding	Interpretive coding	Category
"A lot of people actually have no understanding of how yield farming or all its derivatives work. It's not always very easy to understand the economics behind it. The idea is that you have to understand, and it takes a while before you're really knowledgeable. So, a lot of people that maybe aren't very interested to begin with, they're just not going to bother with getting to know how it works".	Lack of understanding of yield farming and unwillingness to learn the process	Perceived difficulty of use	Inhibitor
"And of course, you know, the whole impermanent loss thing, even before I got into it, you know, hearing about permanent loss, because actually I did, you know, not thinking about it."	Fear of impermanent loss	Perceived financial risk	
"It gives you the opportunity to yourself being the bank, being the exchange, rather than, as we've done throughout the years, give our money to banks or exchanges and just let them make money on it."	Complete responsibility towards investments	Perceived financial self-efficacy	Enabler

Table 2 Coding scheme example