



DEFI - Decentralized Finance

MakerDAO and DAI ecosystem tour



Intro

- Marc Zeller [@Barbuetchant](https://twitter.com/Barbuetchant)
[/u/pandemiczell](https://www.reddit.com/user/pandemiczell/)
- Lemiscate on Telegram
- Marczeller.eth
- Founder of [Asseth](https://www.asseth.com/) (organizer of the EthCC, educational ethereum non-profit)
- Co-Founder of The Block Cafe
- Analyst @ Coinhouse (Regulated French Broker)

What is a stable coin ?



- The “Holy-Grail of Crypto” according to Joe Lubin (Consensys)

Non speculative assets, peg to fiat.

- Non-volatile Asset
- Easier for adoption
- Speculation resistance.
- Hedging Tool

Different types of Stablecoins



- 3 Main ways to issue stablecoin

The Good : Decentralized Collateral based model : DAI

The Bad : Centralized 1:1 Issuance model :
USDT, USDC, TUSD, GUSD...

The Ugly : Yolo seignorages share model :
Nubits currently worth 0.03\$

[Check Bitmex research article on that](#)

The DAI model



- Anybody can create Dai if conditions are met :
- >150% collateralisation, ETH now; Several assets in the future
- DAI creation is Debt creation, when Debt is paid back Dai are destroyed, (It's kinda the same process with FIAT)

CDPs



- CDPs (Collateralized Debt Position) are unique smart contracts with an specific owner
- All CDPs have a “Liquidation Price” related to collateralization
- Liquidation Occurs when Collateralization is below the 150% threshold
- Anybody can trigger a CDP liquidation :
Paying back the DAI debt of the CDP and get reimbursed in ETH

The CDP portal Explained

1

CDP Portal

My collateralized debt position #4345

MOVE CDP

CLOSE CDP

Liquidation price (ETH/USD) ☹

75.856 USD

Collateralization ratio ☹

237.857 %

Current price information (ETH/USD) ☹

120.287 USD

Minimum ratio ☹

150.000 %

Liquidation penalty ☹

13.000 %

Stability fee ☹

0.500 %

ETH collateral

DAI position

Deposited

29.270 PETH | 30.452 ETH | 3,663.007 USD

DEPOSIT

Generated

1,540.000 DAI | 1,540.000 USD

PAYBACK

Max. available to withdraw ☹

10.811 PETH | 11.248 ETH | 1,353.007 USD

WITHDRAW

Max. available to generate ☹

902.005 DAI | 902.005 USD

GENERATE

CDP History

Jan 16, 2019 at 10:14:39

Generated 400.000 DAI from your CDP [Sender](#) | [Tx Hash](#)

Jan 16, 2019 at 10:13:03

Deposited 8.200 ETH (7.881 PETH) to your CDP [Sender](#) | [Tx Hash](#)

Jan 14, 2019 at 18:15:39

Deposited 1.199 ETH (1.153 PETH) to your CDP [Sender](#) | [Tx Hash](#)

MetaMask

0x010afb...974204

ASSET

BALANCE

SEND

UNLOCK

ETH

0.086

\$10.37

➤

DAI

445.143

\$445.14

➤

🔴

MKR

0.044

\$20.11

➤

🔴

• Main Ethereum Network

Price Info

ETH/USD

120.287 USD

PETH/ETH

1.040 ETH

DAI/USD

1.000 USD

MKR/USD

454.140 USD

Global CDP Info

Global CDP Collateralization

316.628 %

<https://cdp.makerdao.com/>

The CDP portal Explained

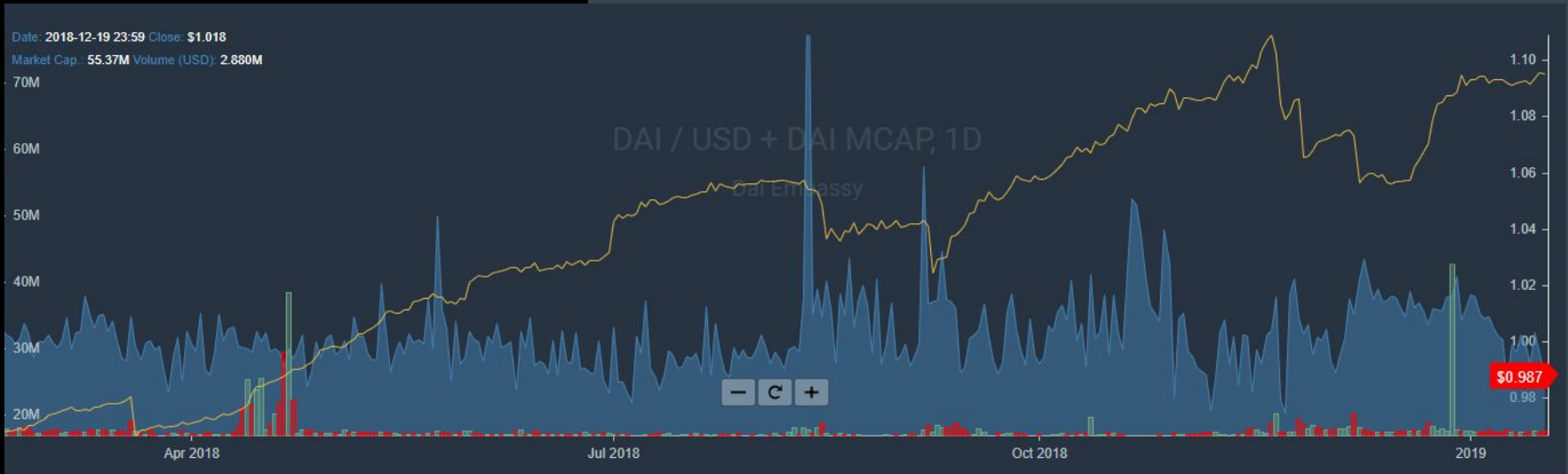


- Seamless UX
- WETH/PETH is abstracted
- Transactions and contract interactions are batched for a better UX

Let's create a CDP !

Is DAI Stable ?

- Nothing is Stable, Dai is at best Stable “Enough”
- Over the past 365 days, the average daily closing price of DAI was \$1.005 USD
- The Stability Fee is set to 0.5% The market decided to price it ?

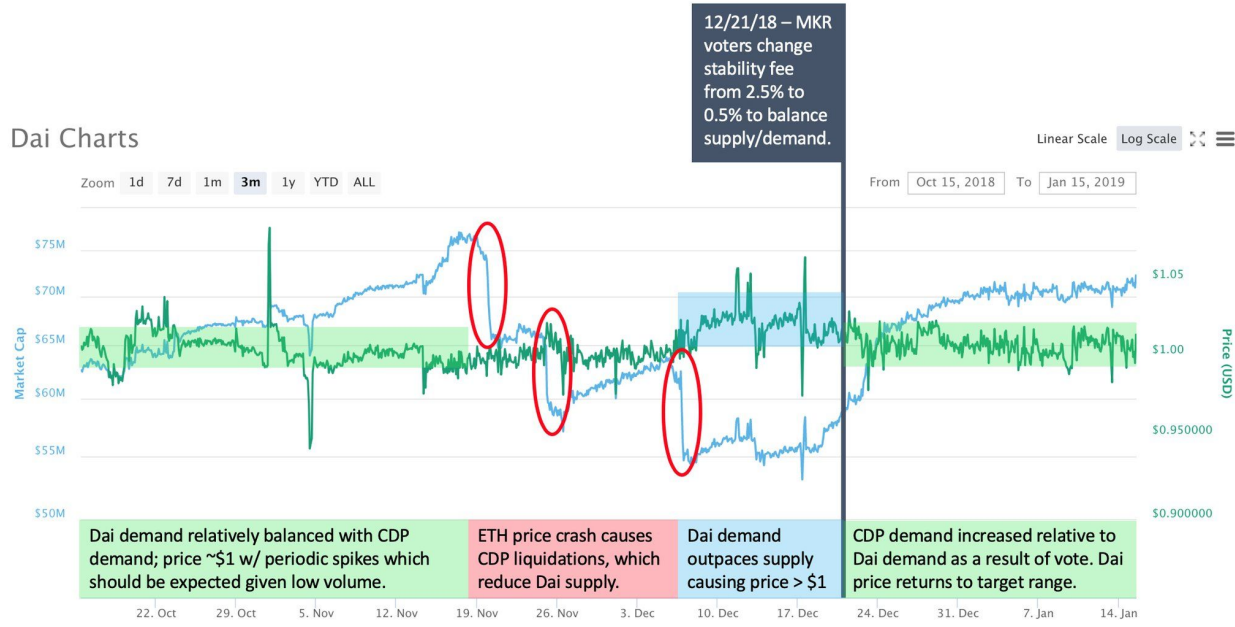


Source : www.daiembassy.online

Is DAI Stable ?

- If the price is “stable Enough” The supply isn’t
- Liquidations reduce the Supply when Market Crash

Dai Supply/Demand Dynamics: Last 3 Months



Source : [Aleks Larsen](#)



Liquidations Incentives

- Paying a CDP Debt Back during liquidation is called a “Bite”
- Liquidation Incentives 13%
- Pay back DAI -> get Discounted ETH
- DAI is destroyed, Supply reduced, Peg preserved.

Source : [Mkr.Tools](https://mkr.tools)

A liquidation : CDP 5488

Overview	Event Logs (46)	Comments
Transaction Information		
TxHash:	0x133cdb5b1cad7f5867b2034b6642ca8a7b0e1de6b3847fe239176f650f2befde	
TxReceipt Status:	Success	
Block Height:	7041055 (46918 Block Confirmations)	
TimeStamp:	8 days 9 hrs ago (Jan-10-2019 06:46:45 AM +UTC)	
From:	0xe7d97a788e6a0a0b4f27bebefbd0f95623e98e2f	
To:	Contract 0x782e3a955390f5dc99ae93dad42fac5cd35ffe	
Tokens Transferred:	<div>(14 ERC-20 Transfers found)</div> <div><div>» From 0x448a5065aebb8e... To 0xbda109309f9fafa6... for 772.871439210092367526 ERC-20 (PETH)</div><div>» From 0x782e3a955390f5f... To 0x57bf61b835a8a49... for 35.123195521002774038 (\$4,157.89) WETH</div><div>» From 0xb7ac09c2c0217b... To 0x782e3a955390f5f... for 4,847.000981898382816733 (\$4,844.05) DAI</div><div>» From 0x782e3a955390f5f... To 0x57bf61b835a8a49... for 73.529411764705882353 (\$8,704.42) WETH</div><div>» From 0xb7ac09c2c0217b... To 0x782e3a955390f5f... for 10,000 (\$9,993.92) DAI</div><div>» From 0x782e3a955390f5f... To 0x932e269e4cbb51... for 0.031675501430554042 (\$3.75) WETH</div><div>» From 0xb7ac09c2c0217b... To 0x782e3a955390f5f... for 4.3 (\$4.30) DAI</div><div>» From 0x782e3a955390f5f... To 0x1a28bcb1cba624... for 0.055555555555555556 (\$6.58) WETH</div><div>» From 0xb7ac09c2c0217b... To 0x782e3a955390f5f... for 7.5 (\$7.50) DAI</div><div>» From 0x782e3a955390f5f... To 0x932e269e4cbb51... for 0.018686234289337262 (\$2.21) WETH</div><div>» From 0xb7ac09c2c0217b... To 0x782e3a955390f5f... for 2.50517 (\$2.50) DAI</div><div>» From 0xbda109309f9fafa6... To 0x782e3a955390f5f... for 106.715219337382509867 ERC-20 (PETH)</div><div>» From 0x782e3a955390f5f... To 0xbda109309f9fafa6... for 14,862.876887548214203701 (\$14,853.83) DAI</div><div>» From 0x448a5065aebb8e... To 0x782e3a955390f5f... for 111.00886395941278419 (\$13,141.24) WETH</div></div>	
Value:	0 Ether (\$0.00)	
Gas Limit:	1500000	
Gas Used By Transaction:	652929 (43.53%)	
Gas Price:	0.0000006156003 Ether (615.6003 Gwei)	
Actual Tx Cost/Fee:	0.4019432882787 Ether (\$49.01)	

Transaction link

Liquidations



- Highly automated through Bots
- Highly profitable
- Winner takes all race (Gas Price)
- Decentralized
- Last measure option if everything else fail:
Debt is paid back by MKR holders.

Small Recap

- Value is secured by Collaterals
- As Fiat, Dai is Debt, Stability Fee is the Interest rate
- Price is “stable” money supply is not
- Liquidations decrease Supply
- Liquidations is a highly profitable but competitive market, paid by the collaterals
- Decentralized Money Minter enforced by code.
- Survived a 90+% crash of the collateral value.

Ressources

- [MakerDAO website](#)
- [Awesome List](#) : Everything is there, educational content, tools, services, links. Best place to find stuff about MakerDAO, frequently updated
- [Makerscan](#) : information on CDPs with a cool UI
- [Mkr.Tools](#) : Data about MakerDAO, MKR and DAI
- [daiembassy.online](#) : Data (Alpha)





Compound.Finance

- Converting a Debt into Passive income
- Dai will be “lend” by users who have collateralized other assets.
- 8-ish% of the DAI supply is there
- Smart Contracts, non-custodial
- Audited contracts but **not risk free** !

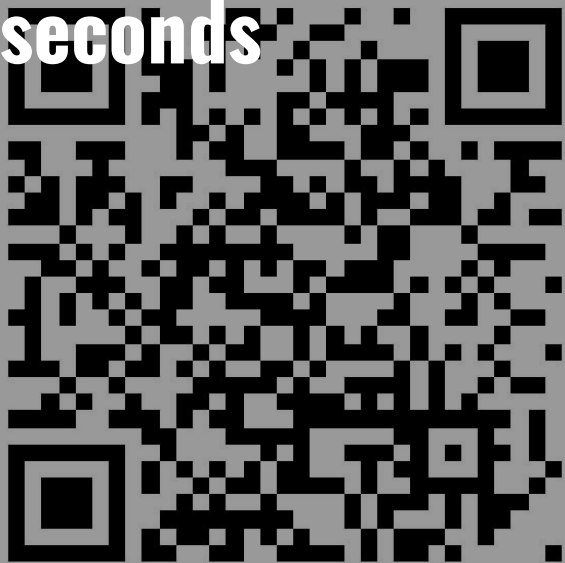
Let's supply some Dai

Sidechains & POA Network



- A sidechain is a blockchain linked to another one
- Xdai Chain use the DAI (Xdai) as native currency gas is paid in \$ not in ETH
- Faster with 5s Blocktime
- Cheaper
- Less secure by design, relies on Ethereum Main chain for security.

xdai.io: Ethereum in seconds



0xeeee8fbaa3a6d2caa311cbd1



- [Open-source project of Austin Griffith](#)
- Burner Wallet
- Seamless UX, no technical stuff visible
- You don't need anything else than a Smartphone
- Less secure, not meant to hold significant funds
- if you wipe your browser cache or your phone die, **your money is lost**

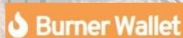
Let's do This !

THE
BLACK

Drinks Menu
Use Xdai.io



Powered by :



1. Go to <https://xdai.io> (Chrome, Firefox, Safari)
2. Scan The QR code of your Paper Wallet
3. **Free Money !** provided by [Austin](#), Burner Wallet creator
4. Hit Send and scan QR code to Pay (allow the permissions)

Beer Seamless Payment 🍺



Q&A Time

Ask Me Anything!