By

BChain Dynamics

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Defipool

Everything is fair in defi and yield maximization

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Abstract

Defi loans, one of the fastest growing sectors in blockchain and cryptocurrency, where the asset holders lend them and earn interest on the loan and the borrowers pool in collateral above the value of the loan in order to protect against the price fluctuations. Defipool aims at using credit delegation by Aave which allows the lenders to add assets to a credit pool to maximize yield. A borrower could borrow funds from the respective pools by participating in a bid, wherein the highest bidder gets the loan amount. Both the lender and the borrower are benefited in this system. Defipool aims at bridging the gap between depositors and investors also to maximize the yield.

Project Description

1. Both borrowers and lenders get on to the platform, where their identity is verified first.
2. Pools are created, could be either Aave or mStable.
3. The lenders add assets and get tokens in return.
4. A bid amount is fixed along with bidding time.
5. The borrowers pool in collateral.
6. The borrower who bids higher than the stipulated bid, gets the loan.
7. How does the borrower benefit?
   A fixed interest is calculated and based on the total bid and the collateral pooled by each borrower they get a bonus.
8. How are the lenders benefited?
   They get interest upon the token by the lending pools such as Aave/mStable
9. What would happen if a borrow doesn't have sufficient token to deposit as collateral?
   They can swap tokens, using the swap that in provided by Defipool
10. What about liquidation?
    When collateralization ratio reaches a certain threshold, the assets are liquidated
11. How do the borrowers repay?
    They repay a fixed amount of token in intervals of time as specified by the pool
12. What happens if the borrower fails to repay?
    Their assets would be liquidated

Tools/Technologies To Be Used

1. Aave/Compound : to earn interest
2. Marlin Cache: indexing data from Eth
3. mStable : for swapping
4. Factory Contract : cloning contract for each pool
5. DID : identity verification
6. ReactJS : frontend

Advantages

1. Everyone on the platform are benefitted
2. The lender needn't wait for an over-collateralized pool in order to deposit assets
3. Aave has 80% unused assets, this issues is curbed in here as no asset is left unused at any point in time
4. An inexperienced investor could also maximize yields

Features/Functionalities

1. Identity Verification : Ensuring the legitimacy of the users on the platform
2. Avoiding the situation of unused assets
3. A win-win situation for everyone, avoiding loss
4. Easy swapping of tokens