ZeroSwap Explained!

0confirmation(0cf) is a protocol that facilitates cross chain asset transfer within a fraction of time.Its aim is to enable using the Bitcoin liquidity on the Ethereum Chain.Users can leverage their BTC,get Ethereum assets in exchange and perform required operations on Ethereum chain.ZeroSwap is the first application based on this protocol.

ZeroSwap is an application to swap BTC for DAI,it uses renVM and Uniswap for the same.There are two main functionalities of 0cf Swap application: Swap and Earn
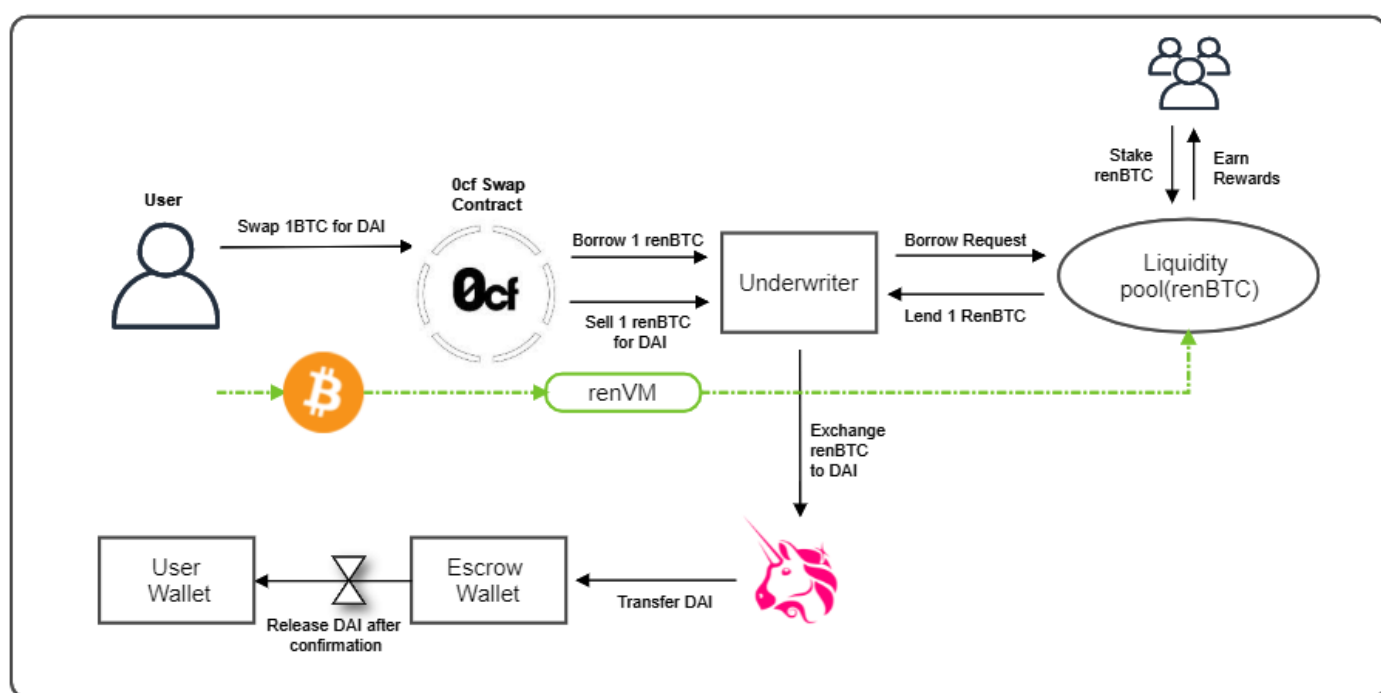
Swap

Users can swap their BTC for DAI, this is done using the renVM.Users can transfer their BTC from hardware/software wallet, the hardcore conversation of BTC to DAI is taken care by the renVM protocol(link to know about renVM). Users here don't have to wait for 6 confirmations to get their assets converted, the underwriters are responsible for validating the confirmation and releasing assets.

Earn

The application supports fast asset transfer by giving a short term loan, thus it needs to maintain a liquidity pool to lend the loan. Users can add their renBTC in the liquidity pools and earn money. This kind of staking generates liquidity in the application,more the liquidity the max loan size/asset conversion size supported by the application alo increases.

Working of ZeroSwap

- The Underwriters are responsible for borrowing the renBTC,monitoring the confirmation and liquidating the wallet if confirmations not received.
- Users can stake their renBTC after which they receive equivalent zero tokens. They earn money through the profit gained by lending loans. Users request back their renBTC any time.
- The renBTC acquired is exchanged for DAI through Uniswap and deposited in Escrow wallet. If required confirmations are received money is released to user wallet else it gets liquidated.

Fees Structure: renVM fee (0.2%) | Bitcoin Network Fee | 0cf Loan Fee (0.1%)