Duke - FinTech

Blockchain 564

LEEN – Lend with any Token

Unlocking Utility and Liquidity for the Forgotten Tokens of Web3

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The Problem: A Market Overflowing with Underutilized Tokens

Token issuance has become a central mechanism in Web3 projects, used to raise capital, build communities, and incentivize early adopters. Most tokenomics models reserve supply for investors, founders, and users, under the premise that the token's value will grow alongside the product's success.

In practice, this outcome is rare. Projects like Chainlink ($LINK), where the token is directly required to access the core service, are outliers. Their design creates protocol-level demand and reinforces token value. The vast majority of tokens fail to achieve this. Of the more than 23,000 tokens listed publicly, only 247 are on Coinbase, 476 on Binance, and 350 on Kraken — leaving most outside the main liquidity hubs.

In the DeFi ecosystem, access is even more restrictive. Lending protocols like Aave support only around 30 tokens, while Compound supports even fewer. Lido, a leader in liquid staking, supports just 5. Vault protocols like Yearn Finance operate with approximately 20 major assets. As a result, thousands of tokens remain technically alive but economically and functionally irrelevant.

To compensate, many projects resort to staking models offering high APYs — often exceeding 700% and paid in the same token. Platforms like Unicrypt and PinkSale make it easy to implement these mechanics. But without real demand, this approach leads to excessive issuance, price collapse, and eventual loss of investor confidence.

CoinMarketCap

Dominance: BTC: 63.1% ETH: 7.2%

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#	Yield Coin	Service Providers	▼ Net APY	Yield Type	DeFi/CeFi
1158	Lingo LINGO		777.00%	Earn (Locked)	CeFi
3380	XO Protocol XOXO		600.00%	Earn (Locked)	CeFi
645	Altura ALU		600.00%	Earn (Locked)	CeFi
286	PAAL AI PAAL		600.00%	Earn (Locked)	CeFi
2028	Zoo ZOO		600.00%	Earn (Locked)	CeFi
1775	ZooKeeper ZOO		600.00%	Earn (Locked)	CeFi
74	Four FORM		0.77%-500.00%	Earn (Flexi), Earn (Locked)	CeFi
603	Fwog (SOL) FWOG		500.00%	Earn (Locked)	CeFi

Coin Market Cap - Top Yield APY

Meanwhile, the few tokens that succeed are integrated into lending platforms, used in collateralized staking, and included in DEXs like Uniswap, Curve, and Balancer. They fuel smart liquidity routing protocols such as Tokemak and Arrakis. These tokens gain structural relevance, while the rest remain speculative instruments with no practical utility.

The Solution: LEEN – Lend with any Token

To address this systemic issue, we created LEEN – Lend with any Token, a decentralized lending protocol built for the thousands of tokens excluded from the core DeFi infrastructure. LEEN enables token issuers to create their own lending pools backed by stablecoins, offering a path to activate utility and generate sustainable demand.
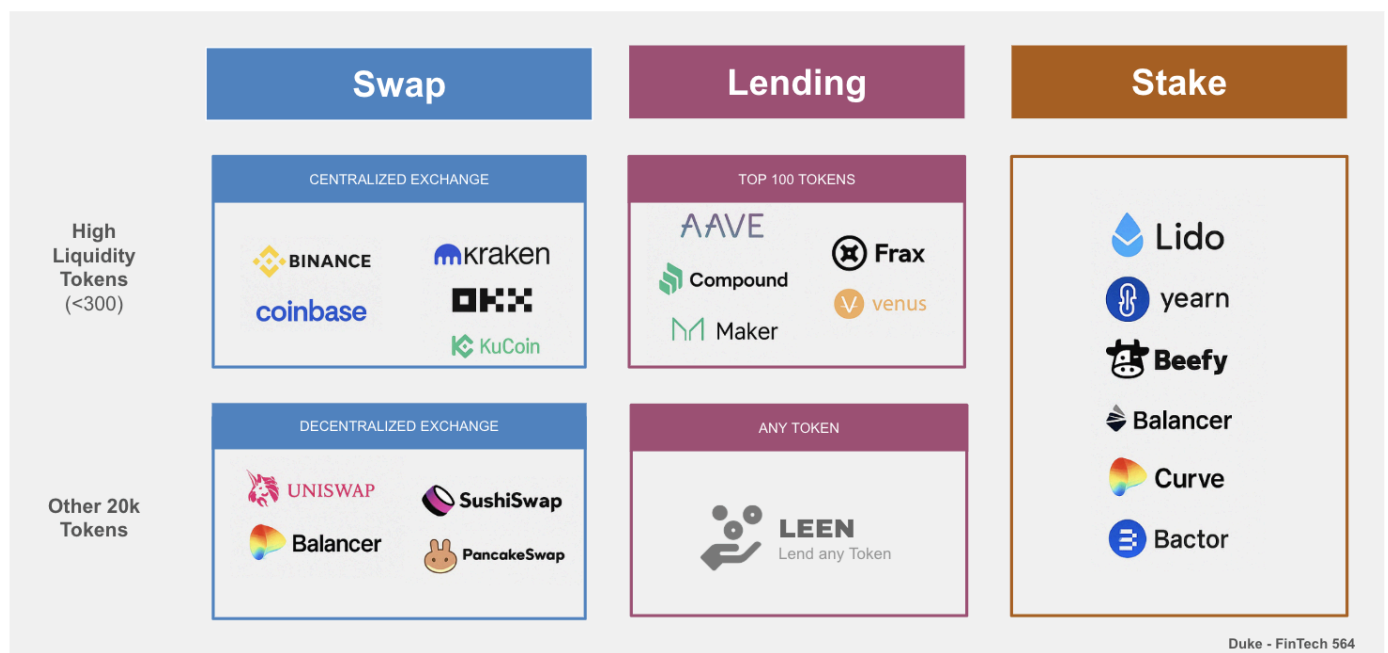
Liquidity Landscape

Through LEEN, token issuers define all lending parameters: loan-to-value ratio (LTV), interest rate, loan duration, accepted price band, liquidation threshold, optional oracle integration, and pause functionality. Instead of waiting to be listed by a major protocol, projects can deploy credit markets tailored to their token. Treasury capital raised during the ICO can be used to fund these pools, giving the token an actual use case without inflating its supply.

This model offers a clear solution to the founder dilemma: how to create value without unsustainable incentives. By building internal credit markets, projects can allow token holders to borrow against their holdings, access stablecoins, and reinvest — all while maintaining upside exposure. It turns passive tokens into economic agents.

LEEN also aligns with broader trends in DeFi that seek to unlock liquidity for non-traditional assets. For example, JPEG'd allows users to borrow against NFTs, and Centrifuge tokenizes real-world assets (RWAs) like invoices and real estate for on-chain lending. While JPEG'd and Centrifuge solve the illiquidity problem for NFTs and RWAs, respectively, LEEN focuses on long-tail ERC-20 tokens — offering a complementary solution within the same vision of inclusive financial infrastructure.

Unlike Aave or Compound, where inclusion depends on centralized governance and strict risk models, LEEN gives autonomy to token issuers. Any project can become its own credit engine, provided it is willing to supply initial liquidity and define responsible parameters. This approach creates a scalable path for thousands of projects to build real financial functionality around their tokens.

Lending Mechanics and Risk Parameters

LEEN leverages proven risk principles from DeFi lending protocols like Aave and Compound, while offering a flexible interface for token issuers to configure pools according to their token's unique profile. Each lending pool on LEEN is governed by a set of parameters that define its behavior and risk posture.

Collateral Ratio (LTV) - To ensure the protocol's solvency, borrowers must overcollateralized their loans — typically providing collateral worth more than the borrowed stablecoins. For example, a 150% collateral ratio means a user must deposit $150 worth of tokens to borrow $100 in stablecoins. This overcollateralization protects the protocol against market volatility.

Liquidation Threshold - Every pool also defines a liquidation threshold, typically set below the collateral ratio. If the value of the collateral drops near or below this threshold, the protocol allows liquidation to occur. This process is usually executed by bots that repay the borrower's debt in exchange for seizing part of the collateral — including a 5% penalty that serves as an incentive for liquidators. The borrower avoids defaulting, and the protocol remains solvent.

Interest Rates - LEEN pools can set fixed interest rates (e.g., 3%, 5%, 10%), enabling projects to align yield expectations with tokenomics. While traditional protocols often employ dynamic interest curves based on utilization, LEEN allows issuers to predefine fixed rates, simplifying the borrower experience and enabling predictable cash flow modeling. Additionally, issuers may enable auto-reinvestment of interest income, allowing the protocol to compound its own growth. When activated, interest payments collected from borrowers are automatically funneled back into the pool, increasing available liquidity without additional capital injection — a mechanism that reinforces sustainability over time.

Oracle Integration - Although LEEN pools initially do not require an oracle, token issuers have the option to integrate a price feed (e.g., via Chainlink or Fact Finance) to enforce dynamic collateral valuations. This is particularly useful for tokens with fluctuating liquidity or pricing sources outside DEXs. The use of real-time oracles also enables more sophisticated features in the future, such as the introduction of token-based derivatives or futures markets, where price accuracy is critical. Moreover, dynamic pricing enhances the liquidation mechanism by allowing the protocol to assess collateral value with greater precision, reducing the risk of delayed or mispriced liquidations during periods of volatility.

Pause Functionality - For safety and flexibility, each pool includes a pause mechanism controlled by the issuer. This allows temporary suspension of lending or borrowing activity in the case of extreme volatility, contract updates, or governance decisions.

Design and Architecture of LEEN

LEEN will start on an EVM-compatible blockchain, using Solidity for smart contract development. A dedicated dApp will serve both token issuers and borrowers, providing an intuitive interface to create and manage lending pools. Issuers can configure collateral ratio, interest rate, loan terms, price range, and oracles, while maintaining the ability to pause or close the pool at any time.

The architecture is fully modular and open. By leveraging blockchain composability, LEEN enables third-party developers to integrate directly with the protocol. One notable component is the liquidation bot network: external developers can build bots that monitor loan health and execute liquidations when needed. These bots are compensated with a portion of the liquidated collateral, creating a decentralized risk enforcement layer that is fast, neutral, and efficient.

LEEN Architecture
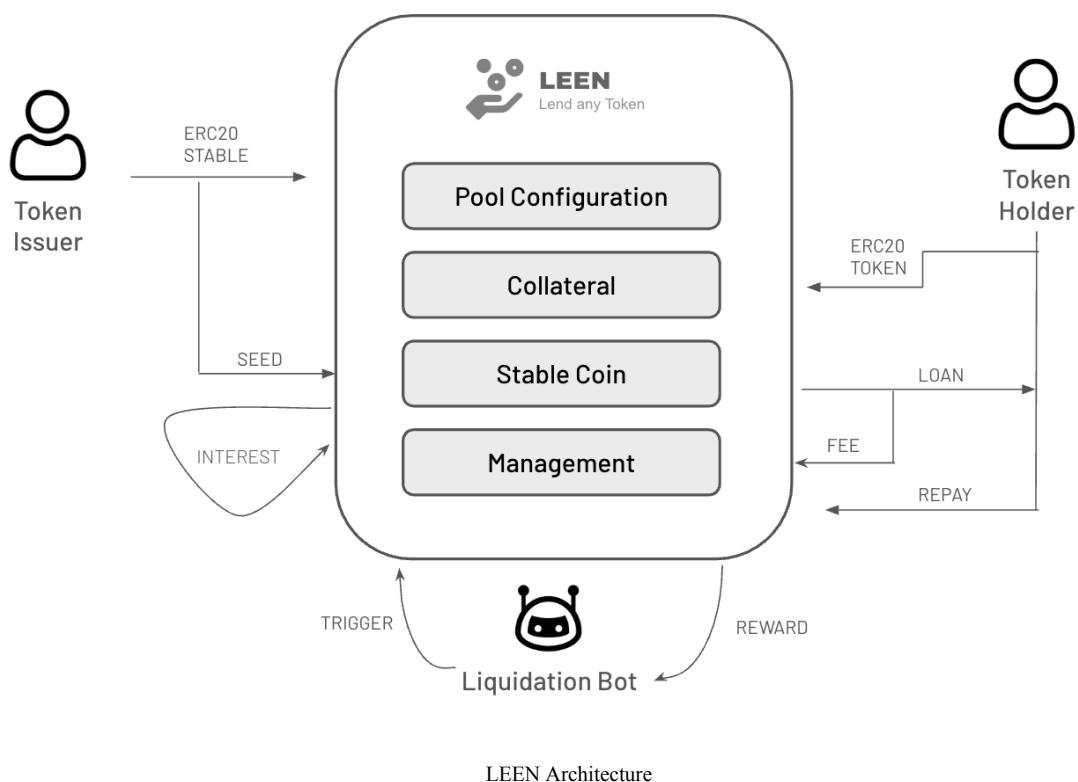
LEEN's revenue model is based on fixed fees collected from every loan and from liquidation events. Revenue is split between the protocol treasury — used for development, security, and future incentives — and the pool issuer.

Issuers may choose to withdraw earned interest or reinvest it automatically to increase the size of the pool. This flexibility fosters organic growth and long-term sustainability without relying on inflationary mechanics.

Designed to serve both token issuers and long-tail token holders, LEEN offers a decentralized infrastructure to transform dormant assets into productive financial tools. With accessible configuration, automated enforcement, and a permissionless approach, it reinserts forgotten tokens into the core of the DeFi economy.

Project page: https://github.com/juv1nsk1/leen