

# Alpha Finance and Spectrum Protocol look to leverage Mars

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The Red Bank is engineered to lend not just to individuals but to smart contracts, too. We call this type of lending contract-to-contract (C2C) lending, and we expect it to be the single largest driver of borrowing volume in the Red Bank.

For that to happen, Mars needs a diverse group of applications built on top of the protocol — all of which tap Mars' liquidity. That will help Mars evolve into a Liquidity-as-a-Service protocol.

In [A vision for the 'Fields of Mars' and contract-to-contract \(C2C\) lending](#), we outlined the process for applying for a virtual 'credit line' with the Red Bank. When the Mars Protocol goes live on or around March 7, 2022, protocols can begin the [formal application process](#). Applications will be reviewed by the Martian Council.

**Already, Alpha Finance is working with Spectrum Protocol to explore how they might utilize Mars' C2C lending.**

- Alpha Finance ("Alpha") is most well known for pioneering the concept of leverage yield farming on Ethereum with its flagship product, Homora. It will be the first protocol with a big ecosystem to scale from EVM chains to Terra. Alpha Homora has since become the largest multi-chain leveraged yield farming protocol on Ethereum, BSC, and Avalanche with close to 1B TVL combined.
- Spectrum Protocol ("Spec") is the first yield optimizer on Terra. They have since built 60+ vaults allowing users to auto-compound their yield farms and have amassed over 100M in TVL.

We had a chance to ask Alpha and Spec contributors what they're working on and their thoughts on Mars and the broader Terra ecosystem. Here's what they had to say:

## How do you envision using Mars?

**Alpha:** Mars will become the powerhouse that enables a new way of lending with contract-to-contract lending, not limiting its potential to deposits and loans in digital value. We believe Mars will set the foundational building block for lending on Terra.

With Mars, Homora V2 as a protocol will be able to get a 'credit line' for our users to be used when opening leverage farming positions. When we are looking to expand, we believe Mars will also have the capability to provide new assets with deep liquidity for Homora pools and mutually help grow TVL together.

**Spec:** Together with Mars, we can create endless possibilities. Mars provides lending, Alpha provides leverage, and Spectrum provides the ability to compound. With this, we can build strategies that provide high yield while being extremely safe.

## What attracted you to build on it?

**Alpha:** Despite originating from Ethereum, we have never wanted to limit ourselves to only EVM compatible chains, and the Terra ecosystem has been a chain of our interest that we have been keen to tap into. On Terra, we saw a lot of new protocols working to create meaningful use cases for \$UST through DeFi primitives like lending, liquidity providing, and DEXes. The chain itself is also fast with cheap gas fees, which is a critical factor to many. With Terra's increasing usage and attention, we saw this golden chance to make Homora V2 the go-to place for leveraged yield farming on Terra.

In order for us to make this happen, we were looking for a protocol that has the capability to allow Homora V2 to bootstrap liquidity as it is an essential part of our product. Luckily, we got in touch with the Mars team which was strong and responsive. We had a lot of progressive discussions together throughout the development process. Since this is a core component for Homora, we also needed a trustworthy foundation since security is one of our highest priorities. We strongly believe in Mars Protocol and are looking forward to building.

**Spec:** C2C lending will make borrowing much more efficient. No over-collateralization is required since the position in the contract already acts as collateral. Therefore, there are a lot of use cases possible with C2C lending. We can leverage long or short. We can leverage yield farm. And since positions are managed by contracts, we can even provide advanced features such as automatic position adjustment.

## Beyond integrating with Mars, what else are you focused on?

**Alpha:** We have quite an ambitious plan on expanding to the Terra community as well as forming partnerships with protocols that can help enhance Homora V2's performance even further.

Some of the notable efforts include working with protocols to offer auto-compounding and auto-farming features; actively looking to support more pools and tokens without jeopardizing security, and exploring possibilities to work with synthetic assets on Terra.

Other ongoing efforts for improving the whole experience for Homora V2 users even better include integrating with other DEXs, exploring use cases of ibToken on top of Homora, enhancing UI/UX, and most importantly capturing any other yield farming opportunities we see.

**Spec:** We think the next best thing could be cross-chain farming. There are a lot of people who don't want to switch or bridge to different chains because it involves some risks, and there are also those who don't have time to check out different chains. It would be very interesting if we can provide Avalanche or Solana farms on Terra.

## Where do you see Terra heading in the next 1–5 years?

**Alpha:** Terra has gained a lot of momentum in recent years with its innovation that started out from building algorithmic decentralized stablecoins to becoming one of the fastest-growing blockchains with over \$15 billion TVL. There is a lot of potential with increasing UST adoption through new use cases as the ecosystem is becoming much more robust with many more kinds of protocols building on top of Terra and ongoing expansion to other chains as the liquidity increasingly becomes deeper. We can see a lot of upside with Terra chain growth, and think it can eventually become the go-to chain with a strong #LUNatic community in the future.

**Spec:** Terra has more use cases connected to the real world. With only 10–20 protocols, Terra is already the 2nd largest chain in terms of TVL. There are also a lot of other protocols preparing to launch, which means there is still room to grow. If Terra has just half of Ethereum TVL (60b), how high would the price of LUNA be? And definitely, everyone in the ecosystem will grow with Terra.

Learn more about Alpha at [alphafinance.io](#) and Spec at [spec.finance](#).

## Closing Thoughts

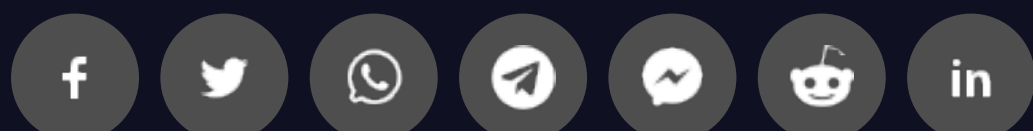
If Alpha and Spec apply for and receive virtual 'credit lines', the Fields of Mars interface will be updated to include links to their strategies. We look forward to public discussions and votes by the Martian Council on whether to grant them virtual 'credit lines' and how much credit they might receive.

*If you're a developer who would like to build an application on top of Mars, check out the [Mars docs](#), share your ideas on the [Mars Forum](#) for feedback or visit the [Mars Discord](#) to get in touch with active Mars contributors.*

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