

Mars Updates

A vision for the ‘Fields of Mars’ and contract-to-contract (C2C) lending

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The raw surface of Mars is our canvas. Upon it, we reimagine the world's credit infrastructure.

First, comes the Red Bank. Available to anyone in the galaxy, individuals can use it to deposit crypto for yield. Then, they can optionally tap that deposit as collateral to borrow different assets.

But Mars does not stop there.

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 it's where Mars radically diverges from the existing DeFi lending infrastructure.

In fact, we expect C2C lending to be the single largest driver of borrowing volume in the Red Bank. And every line of Mars code has been written with it in mind.

Welcome to the Fields of Mars

It's within the Fields of Mars — not the Red Bank itself — where C2C lending will take root. In the Fields, users will be able to interact with very specialized smart contracts.

These smart contracts exist outside of and separate from the Red Bank. However, they're pre-authorized to borrow from the Red Bank without posting collateral.

Mars' contributors have written the first three sets of these special smart contracts. All three support 'leveraged yield farming'... meaning users will be able to use the Red Bank to 'supercharge' their yield farming activities in the Fields without actually making a deposit in the Red Bank (specifically for the ANC-UST, LUNA-UST, and MIR-UST pairs).

How?

Because these Fields of Mars' smart contracts have a virtual 'credit line' with the Red Bank.

Mars contributors have discussed how it works in detail [here](#) and [here](#), but let's reiterate an important nuance: when users interact with the Fields of Mars, they're not making deposits into the Red Bank. Instead, they're making deposits into the Fields' applications. These applications can in turn borrow UST from the Red Bank without posting collateral to put assets to work for end-users.

This is possible for several reasons:

1. The pre-authorized smart contracts in the Fields of Mars themselves hold both the user's collateral and all borrowed assets from the Red Bank, having full control of all capital deployed to a certain strategy at all times. For example, if a user wishes to engage in leveraged yield farming on the ANC-UST pair, they must deposit ANC into the Fields of Mars. Then, the Fields contracts can borrow UST from the Red Bank without posting collateral. Some protocols refer to this as 'uncollateralized lending.' However, it's *not* that collateral doesn't exist, but rather which applications *control* the collateral. In this case, the Fields application controls the collateral instead of the Red Bank itself.
2. The Fields applications have strict borrowing caps in place to limit risk to the overall Red Bank itself.

Pioneered by Alpha Finance, leveraged yield farming is incredibly powerful, and we expect it to drive significant borrowing demand from the Red Bank. However, leveraged yield farming is just one of many use cases we imagine for the future of the Fields of Mars.

A vision for the Fields of Mars

The Fields of Mars are a stepping off point for exploration of new financial frontiers. They'll act as an aggregator or hub for applications built on top of the Red Bank. Leveraged yield farming is merely the first application.

Users can leave the comfort of the Red Bank at any time for the more exotic Fields of Mars.

Once in the Fields, they'll have a single place where they can go to interact with a menu of specialized lending and borrowing applications. These applications won't necessarily be built by Mars contributors, but by third parties that propose new use cases and submit them for approval by the Martian Council.

We expect a wild variety of opportunities in the Fields. Other potential use cases:

- Binance- or FTX-like leveraged trading
- Insurance-related products
- Metaverse lending tools that use in-game assets as collateral
- Arbitrage
- Flash loans

Those are merely a handful of applications we can imagine today. As more assets get tokenized on-chain, they can all be used programmatically as collateral in the Fields.

Implementing applications on the ‘Fields of Mars’

Any team or person can propose to the Martian Council that a particular smart contract system on Terra receive a virtual 'credit line' from the Red Bank. The first recommended step is posting a proposal on the [Mars forum](#) for feedback before submitting a more formal proposal to the Martian Council.

As use cases and proposals expand, the Martian Council must act wisely. Specifically, it will need to assess the technical quality of and risks posed by the borrowing applications against a community-defined risk framework.

Should the Martian Council approve a smart contract with a vulnerability, it's possible that the Red Bank could suffer a shortfall event — in which case members of the Martian Council themselves (as MARS stakers and xMARS holders) will have the ability to backstop protocol risk with up to 30% of their stake.

That's why each application in the Fields of Mars will come with a predefined borrowing cap before being integrated with the Fields. The Martian Council will be charged with determining exactly how much virtual 'credit' should be extended to a particular smart contract.

Contributors of Mars have developed an initial [risk framework for all C2C borrowing applications](#). After the launch of Mars Protocol, there will be a proposal on Mars' governance to ratify it as a guideline for extending new credit lines to smart contracts implementing leveraged yield farming strategies. We've also outlined the process for [applying for a credit line](#).

Any protocol granted a Martian 'credit line' will then be able build out applications that utilize its credit. In some ways, this positions Mars as a 'liquidity as a service' protocol.

This approach should help Mars solve one of the biggest issues facing every credit protocol in the industry: how to generate substantial and sustainable borrowing demand.

The problem is straightforward. With *collateralized* lending, one first needs to be a *depositor* before they can borrow. This restricts the protocol's total addressable market (TAM) to users who already have available funds.

With the Fields of Mars, the protocol aims to drive entirely new sources of borrowing demand. If it's successful, it will drive up yield for depositors. This could create a flywheel effect wherein higher yields attract more deposits which enable more creative use cases for borrowing.

If you're a dev interested in building on top of the Red Bank, learn how to apply for a virtual credit line here:

<https://docs.marsprotocol.io/mars-protocol/protocol/welcome-to-mars/new-credit-line-extension-governance-process>

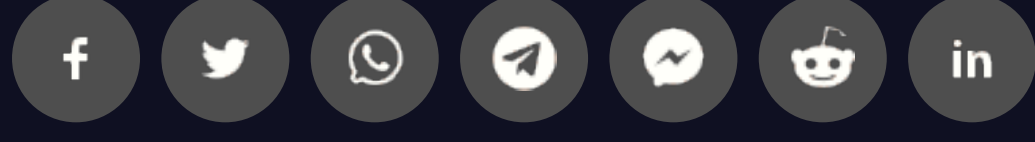
Closing thoughts

Mars begins with the Red Bank. We believe its future will be defined by the creative use cases unlocked in the Fields of Mars. It's there on the frontiers of finance that the future will be forged.

Follow [Mars on Twitter](#) for the latest updates from Mission Control.

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