Wrapped Zcash is Coming to Ethereum's DeFi Ecosystem - Decrypt

Thanks to a new Zcash-Ethereum bridge, ZEC holders will be able to use their coins on decentralized finance (DeFi) platforms as WZEC.

With the recent news of WZEC enabled through the Wrapped platform hosted by Anchorage + Tokensoft, Zcash holders now have two avenues to bridge their ZEC onto Ethereum: RenZEC and WZEC.

At the moment, 4,122 renZEC (coingecko #) and 9,001 WZEC exist in circulation within Ethereum, bringing the total market cap of ZEC within DeFi to ~ $752,199 (marked to a current ZEC price of $56.89). This represents just 0.127% of the total ZEC marketcap.

One major roadblock holding back increased bridging of ZEC is the fact that the only real option for use at the moment is pooling through a DEX such as Uniswap, Balancer, or Sushiswap as an LP. While the accrual of fees providing liquidity to an AMM may be attractive for some longer-term LP's, many prefer to avoid the possibility of IL associated with acting as a short term LP, thus limiting the attractiveness in bridging ZEC for a broader subset of users.

AAVE has the opportunity to be the premier platform for Zcash holders seeking to put their dormant assets to work. Adding WZEC and RenZEC would provide benefit for:

(i)

Ethereum on the whole - bridging more native layer 1 assets onto the Ethereum blockchain and increasing DeFi TVL, and

(ii)

AAVE specifically as the main hub for bridged Zcash lending, increasing AAVE's platform TVL and usage.

While the move may seem preemptive, ZEC is a longstanding name with a strong team and total marketcap exceeding half a billion dollars. The first platform to act on enabling ZEC lending within DeFi on Ethereum presents a unique opportunity to become the defacto lending hub as a first mover. At the same time, the ability to lend via DeFi would incentive ZEC holders to bridge their coins over and put them to work. For these reasons, I propose the addition of both WZEC and RenZEC to the AAVE platform.

References

CoinGecko

Zcash (ZEC) price, marketcap, chart, and info | CoinGecko

Get Zcash (ZEC) price, charts, volume, market cap, exchange list and more.

CoinGecko

renZEC (RENZEC) price, marketcap, chart, and info | CoinGecko

Get renZEC (RENZEC) price, charts, volume, market cap, exchange list and more.

Wrapped

Wrapped

Wrapped lets you use your assets on the Ethereum blockchain. Every wrapped asset is backed 1:1 by a qualified custodian. Wrapped is a collaboration between Tokensoft, Anchorage and CMS Holdings.