Hi,

I want to start a discussion about building a viable Ethereum-based unsecured borrowing application, which does not require collateral (hence the term unsecured borrowing).

We already know the importance of borrowing in terms of improving infrastructure and therefore quality of life and so forth. For example, borrowing underpinned sovereign finances in early-modern Europe.

Interestingly, primary sources attribute the financial stability (during this early-modern period in Europe) to borrowers being able to predictably repay their debt (van Bochove, 2014).

In terms of reliably repaying debt, I do see a handful of Ethereum lending applications which are underpinned by over collateralization. So it appears, at this reasonably early stage, that secured borrowing is viable. Simply put, the risk of loosing collateral seems to be enough to ensure that borrowers are predictably repaying their debts.

I am curious whether anyone has pursued/researched the following question … “is it possible to create unsecured

borrowing between anonymous accounts, on a trustless, censorship resistant, permissionless network”?

Whilst this problem could be addressed via a social mechanism i.e. lenders mandating that a friend or family member go “guarantor for the loan” (which kinda swings back towards the secured loan side of the fence) I am very interested in learning about the possibility of a technology based solution to this unsecured borrowing.

Any questions, resources, ideas would be greatly appreciated.

References

van Bochove, C. (2014). External debt and commitment mechanisms: Danish borrowing in Holland, 1763-1825. The Economic History Review