

ARC Summary:

Reduce the Aave v2 flash loan fees to 0.02% (with 0.01% going to lenders and 0.01% to the protocol), introduce the same 0.02% fee to borrowings that are paid back within the same transaction (a workaround that many use to avoid the flash loan fees) and add a no fees whitelist for flash loan users.

ARC Rationale:

The flash loans market is growing more saturated with sources for flash loaning or flash minting with lower fees - dYdX has no flash loan fees, [WETH10](#) has free flash minting, Maker has [voted on a 0.05%](#) starting fee for their flash mint module. With the market gradually trending towards lower and 0% fees, the Aave protocol is currently lagging behind and losing its competitiveness.

DeFi Saver is [the largest Aave flash loans user](#) and we have gladly used Aave flash loans by default for all FL-powered features rolled out since early 2020 because of the number of available assets and great available liquidity. However, with the introduction of our [Recipe Creator](#) that includes both Aave and dYdX FL integrations, we can see first hand that many users will gladly take the time re-create leverage management transactions using dYdX flash loans to avoid the 0.09% fee, even though leverage management options are available as single click options in our protocol specific dashboards.

In order for Aave to stay competitive in this growing market and maintain its position as a major flash loan provider, we would like to propose three changes:

1. Reduce flash loan fees from 0.09% to 0.02% with 50% going to liquidity providers and 50% to the protocol.
2. Introduce a 0.02% fee for all standard borrowings that are made and paid back within the same transaction, a process that is currently being used as a way to avoid the flash loan fees.
3. Introduce a flash loan users whitelist controlled by Aave Governance where integrators could be voted in to utilize flash loans without any fees as a reward for promoting Aave and introducing other benefits to the Aave protocol and its users.

This change could have an additional positive impact by pushing any integrators to switch to using Aave v2 flash loans from v1, as we've seen that ~40% flash loan volume is still done [on Aave v1](#).

If you would consider supporting this ARC and the potential proposal, please consider delegating proposition power to 0x446aD06C447b26D129C131E893f48b3a518a63c7 (DeFi Saver Deployer account).

Looking forward to hearing more thoughts from the Aave community.