

Intro

With the launch of GHO, Aave is at quite an exciting point in its development as a DAO.

Over the past few months, Goldfinch has worked on a series of forum posts with the intention of providing information to the Aave community on how to think about Real World Assets, and especially on how to think about RWAs in the context of a stablecoin protocol.

Previous Work on RWAs With Aave

As a refresher, our first forum post, [Helping Aave Think Through RWAs](#), introduced Goldfinch, Warbler Labs, and our mission to use help protocols like Aave to understand what it means to work with RWAs. We remain steadfast in our belief that using DeFi to finance off-chain economic activity will unlock tremendous latent potential in economies globally. RWAs and the protocols that work with them will be a huge part of that.

Our second post, [Why RWAs Are Important to DeFi](#), double clicked on the vision that we, and many others in DeFi share, on how DeFi can fundamentally shift the way capital markets work. A core part of it is that we have to find ways to do “boring” things, like providing debt financing, way better for both the borrower and the lender. This is the first step on the road to total disruption. We believe we’ve done that with our work at Goldfinch, and we think that GHO can be a huge part of how that happens in DeFi.

In our last post, [Outlining an RWA Strategy for Aave](#), we went really deep into the nitty gritty of what it means for a stablecoin protocol to use RWAs. We covered many of the things that other people in the ecosystem have touched on as well, such as the jargon, the underwriting process, the different types of debt, the benefits of working with RWA, etc.

But where we really wanted to add value was in tying it all back to how stablecoin functions. This means thinking really hard about peg stability, liquidity forecasting, interest rate modeling, and other functions that are important to make sure GHO works securely as a stablecoin. We’ve studied deeply the major stablecoin protocols in DeFi, built empathy for what it takes to run one, and we know that RWAs can be a high leverage point for the growth of a stablecoin protocol.

Finally, we culminated this trilogy with a [Twitter Spaces event](#) that was attended by and later watched by over 371 participants from both the Aave and Goldfinch communities. This was an awesome moment where we were able to talk about our work, answer questions from the Aave community, and bring our DAOs closer. Deeply appreciate all the help Aave provided in making that possible!

Continuing Our Work With Aave

As we look to the future, we are energized by the prospect of continuing our work with Aave as an RWA facilitator for GHO

. We believe that GHO can be a crucial tool for creating more equitable financial markets by providing an efficient, censorship-resistant, and global currency for doing commerce. When leveraged appropriately, RWAs play a crucial part in achieving that vision.

As a facilitator for GHO, we see ourselves as a partner to Aave, working collaboratively to support the growth and development of the protocol. We are committed to bringing our expertise in RWAs to the table and to helping Aave navigate the complex landscape of building out a global, decentralized currency. Doing so well requires a careful balance between prudent credit underwriting, stablecoin management, and deep knowledge of decentralized finance. An intersection we thrive at.

So far, our protocol has emerged from a tumultuous Q4 with a healthy loan book and no defaults, as our priority has been funding real, off-chain economic activity. We’re proud of the impact we’ve been able to have on businesses around the world using DeFi. Notably, in geographies, we think would deeply value GHO as well.

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Next Steps

We are preparing our proposal to become a facilitator and will be excited to share it with y'all once that becomes live. We are mindful that the priority with the GHO launch may not be onboarding RWAs, and we would like to engage with the broader DAO in a transparent, unrushed, rigorous fashion. Throughout, we welcome feedback and collaboration from the community as well as other hopeful facilitators. We hope to take the positive sum ethos of DeFi and crypto going forward.

Would love to hear your thoughts! [@Khan](#) [@PennBlockchain](#) [@Wallfacer](#) [@lbsblockchain](#) [@Michigan_Blockchain](#) [@WintermuteGovernance](#) [@Llamaxyz](#) [@AaveLabs](#)