This article is adapted from one that originally appeared in [The Defiant](#): "

[Time to be Boring: How Crypto Goes 100x From Here](#)" published on 6.23.22

This is the first post in a series of two and a Twitter space to help guide the Aave community on how to think about real world assets. To learn more, check out the introductory forum post here: https://governance.aave.com/t/helping-aave-think-through-rwas/10684/5

How does DeFi go 100x?

There are two basic approaches. One is to focus on banking "crypto native" activity. This means that NFTs, crypto gaming ("GameFi"), web3 social, and other uniquely web3 innovations could all be DeFi's savior.

The idea is that as these markets grow, they will need financial services. DeFi is primed to capture 100% of that growth. The problem? Even if these activities 10x from their current states, it still puts a low ceiling on DeFi's growth.

The other approach is to go non crypto-native. Specifically, DeFi should go after boring, everyday economic activity — sectors such as payments, lending, e-commerce, salaries, or savings.

That's right, be boring! When you look at the numbers, this is actually DeFi's only

viable path to 100x growth. In the context of collateralized stablecoins like GHO, RWAs are the only way they can grow to global scales. And like all major disruptive technologies from the past, DeFi scales by solving the same old problems better.

If you're gonna hunt ducks, go where the ducks are!

DeFi already has [~$48B of TVL](#), and this month [Nov 2023] was on a [$2.4B revenue run rate](#). Aave itself has $5.6B locked across 7 networks and 13 markets. We'll need to capture massive opportunities if we're looking for ways to 100x the industry to nearly $5T locked and for Aave to provide liquidity comparable with traditional money and repo markets, which service trillions of dollars of capital.

It doesn't get much more massive than the everyday economy. Global e-commerce revenue is around [$2.27T](#), and U.S. markets issued [$1.3T of debt last year](#). The U.S. also made around [$8T of salary payments](#) in 2021. And the global debt market is [estimated](#)) at a staggering $123.5T. Compare that to NFTs ([$3.9B of creator revenue](#)) or even the entire video game market ([around $180B of global revenue](#)), and it becomes clear that these sectors, currently being targeted by crypto-native innovations, won't move the needle enough for 100x growth. The only thing that will is the everyday economy.

History points the way

Stealing market share from the "old way" is exactly how the internet, the car, the phone, and the telegraph transformed society. In fact, if DeFi can't steal market share from TradFi, then we believe it will, like 3D printing, be regarded in the long term as a niche product that never really lived up to the hype.

There are numerous examples illustrating how fundamental transformation stems from taking over boring old markets. The internet has [steadily eaten up](#) traditional commerce over the last two decades. We see the results of this every day: people literally do not go to stores as much.

"Clear use case, real utility, real value. It's boring, but it works."

The internet also stole ad revenue from older mediums, including print newspapers, radio, and, to some extent, TV. In 2021, Google, Meta, and Amazon alone accounted for [47% of all money spent on advertising](#). Digital ad spending continues to grow, while spending on print newspapers and magazines will [fall nearly 20% this year](#).

Cars provide another example. Joel Tarr, a professor at Carnegie Mellon who studies the history of American cities, wrote about this back in the 1970s. He noted that at the start of the 1900s, there were 3M horses inside cities themselves. Now, of course, there's close to zero.

New use cases become possible because

people are already using the technology when builders can start assuming that most people have and/or understand the new technology. Suburbs only work when everyone has cars. Uber only works when everyone has smartphones. But first, if a technology is to become mainstream, it has no choice but to solve an old, existing problem better than it has been solved before.

Stable user needs provide a clear north star

Speaking of old existing problems, there's a quote from Jeff Bezos where he says (heavily paraphrasing), "I'm often asked

what will change over the next 10 years. But the more interesting question is what won't

change. Because you can build a business strategy around what's stable in time."

Finance is one of those areas where the user's needs really don't change. People want higher yields, more liquidity, investment opportunities, faster settlement, and generally more flexibility with their money. These are timeless and universal. Aave, and DeFi, as a whole, can do better on every single one.

Paid the same day

By cutting out intermediaries and automating money movements, Aave can offer "checking" accounts with higher average interest rates than TradFi institutions. DeFi can allow hourly and gig workers to be paid same-day via smart contracts (in fact, these pilots are already happening).

Or, like we're building at Goldfinch, crypto can easily get capital anywhere in the world and enable direct borrower/lender relationships, meaning businesses in countries with historically low access to capital can tap into huge pools of capital — all more quickly and efficiently than has been possible before.

And once that debt is on-chain, it can be priced more accurately with public visibility to previous sales and the historical cashflows of that position. Combined with interoperability and permissionless trading venues, you get more liquidity, reducing the cost of capital.

Such visibility and interoperability result in lending protocols like Aave being more secure, less volatile, and providing a better service than centralized counterparts, not only to their customers but to the economic machine as a whole. DeFi protocols are paid first and perform better than their opaque, centralized counter-parties in times of crises like the several we have seen this year.

Source: The Defiant, [Time to be Boring: How Crypto Goes 100x From Here](#)

It's time to shift the mindset

When you envision the future of DeFi, what do you see? A new financial system or a narrow lens of emerging use cases? We believe we are at a pivotal moment for the future of DeFi, a time of tremendous change that requires us to step up and build things with real, lasting power that can transform society by providing essential services to participants and solving perennial problems.

This means that, as an industry, we must shift our mindset to continue to grow and move forward. We can start by developing an allergic reaction to business models that are complex, self-referential, don't have clear use cases, or require a high token price to function. During a bull market, it's hard to make a case for clear, boring utility when everything is working.

And why rock the boat when everyone is making money? But a true bear market is a natural time to reassess and return to fundamentals.

Clear use case, real utility, real value. It's boring, but it works. If we all want DeFi to achieve society-transforming levels of growth, then we must follow this familiar path of fundamental, boring, useful innovation.

Aave is one of the most battle-tested, innovative, and respected protocols in all of DeFi. We can't wait to see how it transforms the real economy!