

Getting Started With dYdX — Lending



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dYdX is a powerful open trading platform that currently supports three features:

- Lending
- Borrowing
- Margin trading

This series will cover how to use each feature as well as a bit more about how things work behind the scenes.

In this guide, we will walk through the steps required to begin lending and automatically earning interest on dYdX, from setting up a wallet to making your first deposit. This guide will also provide some general tips for new users with little to no experience interacting with the blockchain.

If you already have your wallet connected to dYdX and are looking to borrow funds,

take a look at our in depth [guide to borrowing](#).

Lending on dYdX. What does that even mean? Why do it?

Lending on dYdX can be a relatively low risk and passive way of earning interest on your crypto assets. By depositing crypto into your dYdX account, you will earn interest every second without having to perform any maintenance or worry about who you are lending to.

The interest you earn is paid by other users who are borrowing the same asset. As a platform, dYdX ensures that any borrowers always have enough collateral to be able to pay back their borrowed amount. If borrowers ever fall below a certain collateralization threshold, their collateral is automatically sold until they fully cover whatever amount they borrowed.




While lending on dYdX, you have the freedom to withdraw your funds at any time. There is no lock up period, so as a lender you can deposit and withdraw funds whenever you please.

dYdX is a decentralized application, so all your holdings are managed and stored on the blockchain using smart contracts; there is no intermediary or third party involved. Anyone can use dYdX without having to register an account or trust a centralized party with possession of their assets.

Let's begin!

You only need three components to begin using dYdX: a crypto wallet, a little bit of ETH for transaction fees, and any amount of supported crypto assets/tokens. dYdX currently supports the MetaMask wallet and three different assets: ETH, DAI, and USDC. ETH is the Ethereum blockchain's native token, while DAI and USDC are stablecoins that run on the Ethereum blockchain. A stablecoin is any token that is designed to maintain a stable price. Both DAI and USDC are designed to be stable around \$1.

On dYdX, each asset has a different interest rate, and these interest rates are dynamic. This means as the supply and demand for each asset change, the interest rate changes as well. You can always check the current interest rate you would earn on an asset on the [markets page](#) under "Supply APR". You can find more information on how interest rates are calculated [here](#).

Assets						
ASSET	PRICE	UTILIZATION	BORROW APR	SUPPLY APR	BORROWED	SUPPLIED
 ETH	\$299.22	4.54%	8.51%	8.82%	1388.8649 (\$389,244.77)	28657.3914 (\$8,574,864.63)
 DAI	\$0.99	73.94%	18.73%	12.46%	4433263.2126 (\$4,371,428.59)	5996085.7668 (\$5,912,453.89)
 USDC	\$1.00	69.89%	15.29%	9.62%	294287.9885 (\$294,287.99)	421055.2096 (\$421,055.21)

Interest rates for assets change over time

You will have to decide which of these assets you want to lend out. USDC is a stablecoin backed by Coinbase with an easy way to convert between dollars and USDC. More information about USDC can be found on its [landing page](#). For this guide, we'll be using the USDC stablecoin in our examples.

On dYdX, you can deposit and earn interest on any amount, including tiny fractions. In addition to the asset you would like to lend, you will need a small amount of ETH to pay transaction fees on the blockchain. Around \$5 worth of ETH is recommended as a safe starting point. This will ensure that you always have enough ETH to pay transaction fees for basic deposits and withdraws. If you plan to use the platform more heavily, we would recommend you acquire more ETH. We will cover more on transaction fees later.

The process of acquiring crypto on different exchanges can vary, but the process will generally involve registering an account, transferring your dollars, and then trading your dollars for crypto. Coinbase is a beginner friendly exchange that is a good place to start, especially if you plan on acquiring USDC. On Coinbase, converting your dollars to and from USDC, as well as USDC withdraws, are all free. Once you have acquired your crypto on an exchange, move on to the next section to begin setting up your own crypto wallet.

Setting up your wallet

One of the most powerful features of crypto is the ability to take ownership of your own assets. When you buy or sell assets on a traditional “centralized” exchange, those assets are held by the exchange and don't truly belong to you until you withdraw. Even then it is usually to a bank where you still do not truly have ownership of your assets. A crypto wallet allows you to truly own and independently

manage your crypto assets.

dYdX supports the MetaMask wallet. MetaMask is a chrome extension crypto wallet that will allow you to directly interact with dYdX. You can learn more about MetaMask and download it on MetaMask's [website](#). Follow the instructions on the MetaMask website to download the extension and set up your wallet.

Remember to always, always back up your seed words in a SECURE location. If you forget your password or you lose your wallet somehow, your seed words are the ONLY way to retrieve your wallet. There is no other way to access your wallet.

Once your wallet is set up, you will want to withdraw your assets from your exchange to your wallet. Before doing this, MetaMask only displays ETH balances by default. In order to view balances of other assets like USDC or DAI, you will need to add them to MetaMask. You can easily do this by opening up the menu, clicking “Add Token” under “Don’t see your tokens?”, looking up your asset name, selecting your asset, then clicking “Add Tokens”.



Add your tokens to see your balances in MetaMask

In order to deposit, you will just need a destination address. You can find this address by opening MetaMask, and clicking on the name of your wallet at the top to copy the address to your clipboard.

You can then paste this address as the destination address during the withdraw process on your exchange.



When sending crypto, always double check the address you are sending crypto to. Once the transaction is sent and written on the blockchain, it can never be changed.

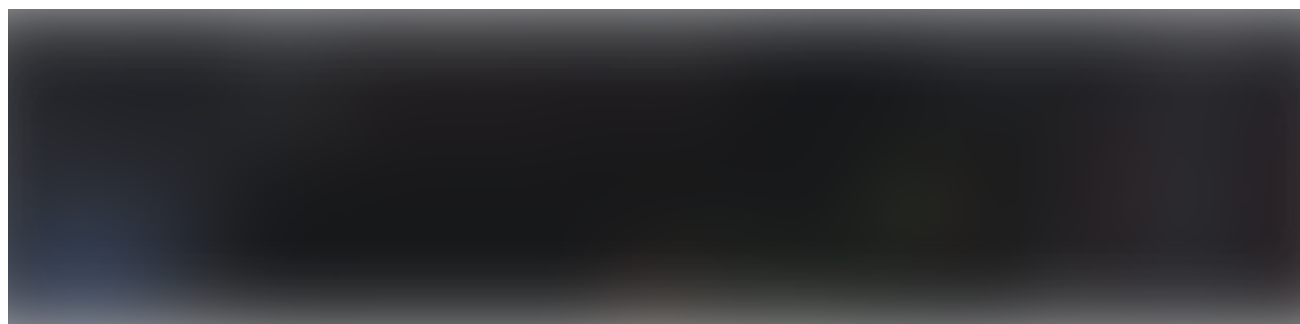
An easy way to check if your address is correct is to send a small amount of assets from the exchange to the address first. Once you successfully transfer the initial small amount, you can finish sending the rest of your assets.

Depositing your assets on dYdX

At this point, you should have your seed words backed up securely, MetaMask fully

set up with a small amount of ETH and any balance of your selected lending asset in your wallet. You are almost there!

The final step before you are automatically earning interest on dYdX is to deposit your assets. Make your way to [dYdX](#). If you have MetaMask set up, you should see the blue “Connect Wallet” button on the left hand side of the page.



Before connecting your wallet

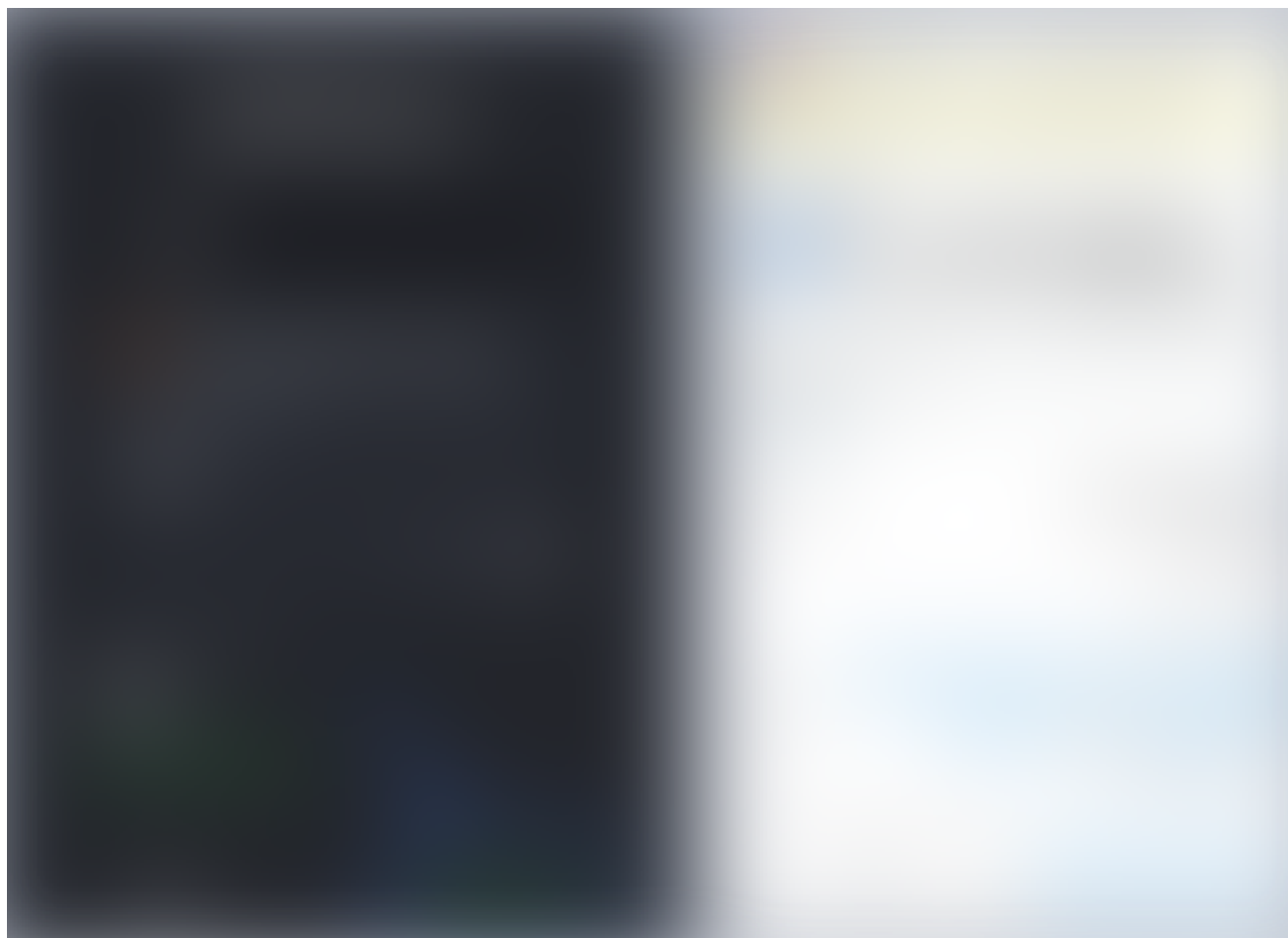
Click it and when the MetaMask pop up appears, click “Connect”. Once this is done, you should see the green “Connected” status in the same top right section of the page:



After connecting your wallet

Make your way to the “Balances” page by clicking the tab in the header. You can always view and manage your account balances from here. Click the large blue “Deposit” button. For DAI and USDC, you will first need to enable them before you can interact with them on dYdX. This is a process you only have to go through the first time you try to deposit each asset. When you select DAI or USDC in the dropdown, you will see the “Deposit” button change to an “Enable” button.

Click the green enable button to open up the MetaMask transaction confirmation modal.



Whenever you perform an action such as a deposit, withdraw, or trade, this modal will pop up for you to authorize the action.

Under details, you can see the “Gas Fee” section. Gas is the transaction fee anyone interacting with the Ethereum blockchain must pay when sending a transaction. This fee goes to the miners who ultimately add or “mine” your transaction on the blockchain. The fee you see in the MetaMask modal is the maximum fee you can pay which means oftentimes, the actual fee will be less than that.

Make sure to maintain a small amount of ETH in your wallet to cover your gas fees. dYdX pays all gas fees related to trading, but you will still need ETH to perform actions on dYdX like depositing or withdrawing assets.

Click “Confirm” on the MetaMask modal to begin the process of enabling your selected asset.

Once you click confirm, you should see a loading spinner in place of the enable button on dYdX. After a few seconds, you should see the enable button replaced with

a deposit button. You are now free to deposit whatever amount of your selected asset you would like. Enter the amount in the input field, click “Deposit” whenever you are ready, and then confirm the transaction in the MetaMask popup.

Your deposit transaction is now waiting to get mined and added to the Ethereum blockchain. This can take a little bit of time depending on how congested the network is at the time you initiated the deposit, but you should soon see your balances update to reflect your deposited assets. Once you see your updated balances, **boom!** You are automatically earning interest on your deposit! Remember, you can always deposit more assets or withdraw your currently deposited assets at any time.

If you have additional questions or need help, you can always look through the Helper Center or chat with us on Intercom. Both these links can be found under the help menu on dYdX:



You can also always get help in the [dYdX Telegram group](#).

Blockchain | Ethereum | Defi | Cryptocurrency | Lending | at [borrowing on dYdX](#).

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