



Course IV:

DeFi Risks and Opportunities

Campbell R. Harvey
Duke University and NBER

Learning Experience Outline

Four courses in **DeFi and the Future of Finance:**

- I. DeFi Infrastructure
- II. DeFi Primitives
- III. DeFi Deep Dive
- IV. DeFi Risks and Opportunities**
 1. Smart Contract Risk
 2. Governance, DNS, Oracle, DEX Risk, and Custodial Risks
 3. Scaling Risk
 4. Regulatory Risk and Environmental Risk
 5. The Future Winners and Losers

Overview

A new set of risks

- While DeFi can eliminate counterparty risk, as with any innovative technology, the innovations introduce a new set of risks.
- In order to provide users and institutions with a robust and fault-tolerant system capable of handling new financial applications at scale, we must confront these risks.
- Without proper risk mitigation, DeFi will remain an exploratory technology, restricting its use, adoption, and appeal.