

What is DeFi

The emergence of digital currencies was the first step in decentralising the modern financial system.

Bitcoin, Ethereum and other early cryptocurrencies offered users a secure way to trade peer-to-peer without intermediaries in a settlement.

Digital currencies have decentralised the issuance and storage of money, with owners of digital assets controlling their funds and conducting their financial transactions without the involvement of financial institutions - banks, foundations and other institutions that operate with conventional currencies, dollars, euros or roubles.

The next step in decentralising the traditional financial system was the idea of replicating traditional financial instruments using blockchain technology.

The Ethereum cryptocurrency and digital platform provided the impetus for the development of decentralised financial instruments and technology based on the Ethereum virtual computing machine. Fintech projects created and launched on the Ethereum platform have formed a decentralised finance ecosystem, DeFi for short.

Experts define DeFi as an ecosystem consisting of applications built on decentralised networks, blockchains with no access rights and peer-to-peer protocols to facilitate lending/borrowing or trading of financial instruments.

Popular DeFi coins are available on Broex - buy them now. The list includes proven assets that underpin promising platforms:

- Ox
- Augur
- Bancor
- Chainlink
- Compound

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WHAT DEFI CONSISTS OF

The DeFi ecosystem consists of open-lending protocols, token issuance and investment platforms, prediction markets, exchanges, exchanges and stable coins.

At the core of DeFi are smart contracts, programmes that contain transaction terms and penalties for their violation. Users authenticate the smart contracts with digital signatures and run the contract program. In the process, the contract verifies compliance with the terms of the transaction, closes the transaction if there are no violations, or blocks the assets or imposes a penalty on the violator of the terms.

Leading the growth of DeFi's financial instruments have been the collateral platform MakerDao and open-lending protocols Dharma and Compound, the 'Big Three' of the decentralised finance system.

80% of the total airwaves are generated by the work of these three projects.

The total value of applications in the DeFi system for 2019 has exceeded \$500 million and continues to grow.

HOW TO BECOME PART OF DEFI

A project that meets four basic requirements can become part of a decentralised finance system:

- The project builds a service for or based on blockchain.
- The project belongs to the fintech industry.
- The project is compatible with other DeFi projects at the software level.
- The project complies with the basic principles of DeFi.

The sensation of August 2020 was the record-breaking growth of cryptocurrencies powered by DeFi projects.

Project yEarn Finance's DeFi digital coin, YFI, became the first altcoin to more than double the value of bitcoin. In the top ten for August 2020 was KSM, Kusama, the unaudited Polkadot version coin and DOT, the Polkadot project coin.

FUTURE OF DEFI

The Polkadot project was developed and launched by Ethereum co-founder Gavin Wood, director of Parity Technologies. Polkadot is referred to as a next-generation blockchain, and its purpose is to allow different blockchains to interact with each other. In August 2020, KSM grew by 157%, DOT by 28%.

In 2019, researchers from Concensys recognised DeFi as the leading blockchain sector. Binance believes the DeFi ecosystem is the best use of blockchain technology.

DeFi projects are re-launching the global financial system. Analysts predict DeFi's development will open up access to convenient decentralised financial instruments to a billion users. DeFi projects are led by the client. The client makes the smart contracts work.

Traditional financial institutions, banks, insurance companies, exchanges, as DeFi grows in popularity, will be forced to change by adopting decentralised finance technology or go out of business. Invest with Broex in the future world of the economy!

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