

DeFi: Decentralised Finance

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DeFi!

- DeFi is a rapidly growing industry that is revolutionizing the traditional financial sector by leveraging blockchain technology. In this session, we will explore the basics of DeFi, its benefits, and some examples of how it is being used today.



What is DeFi?

DeFi is an open and permissionless financial system built on decentralized blockchain technology.

It allows anyone to access financial services and products without the need for intermediaries such as banks, insurance companies, or governments.

DeFi uses smart contracts, which are self-executing programs that run on the blockchain, to automate financial transactions and eliminate the need for intermediaries.



Centralized Finance vs. Decentralized Finance (DeFi)

In centralized finance, money is held by banks and third parties who facilitate money movement between parties, with each charging fees for using their services.

- All financial transactions are overseen in centralized finance, from loan applications to a local bank's services.
- *DeFi's goals include reducing transaction times and increasing access to financial services.*



Benefits of DeFi

1. Financial Inclusion: DeFi enables anyone with an internet connection to access financial services, regardless of their location, nationality, or socioeconomic status.

1. Transparency: All transactions on the blockchain are transparent and visible to anyone, which reduces the risk of fraud and corruption.

1. Security: DeFi uses cryptography to secure transactions, making it nearly impossible to hack or steal funds.

1. Efficiency: DeFi transactions are processed in real-time and are significantly faster and cheaper than traditional financial transactions.

1. Innovation: DeFi is a rapidly evolving industry that is constantly innovating and introducing new financial products and services.



Drawbacks of DeFi

- Participation in DeFi is complex and not easily understood

- High risk of fraud and scams

- High level of volatility



Examples of DeFi

1. Decentralized Exchanges (DEX): DEXs are platforms that allow users to trade cryptocurrencies without the need for a central authority. Examples of DEXs include Uniswap, PancakeSwap, and Sushiswap.
2. Decentralized Lending and Borrowing: Platforms such as Aave and Compound allow users to lend and borrow cryptocurrencies without the need for a bank or other intermediary.
3. Decentralized Insurance: Platforms such as Nexus Mutual and Cover Protocol provide decentralized insurance solutions for cryptocurrency holders and investors.
4. Decentralized Stablecoins: Stablecoins such as DAI and USDC are cryptocurrencies that are pegged to the value of a fiat currency, such as the US dollar, and can be used for payments, trading, and lending.



Lets take a look

Pancakeswap = <https://pancakeswap.finance/>

AAVE: <https://aave.com/>



Thank you!

