# **Decentralized Finance**



#### What is DeFi?

Decentralized Finance, shortly stands for DeFi which is the very thing that makes up
the entire crypto space. Since DeFi came to play for the first time around 2018, it has
become a massive game changer to the ways we transact our money from one place
into another with the help of decentralization.

### What is Decentralization?

- Decentralization is something that does not have nor require a central authority to be in control and can rather be more freely for users and traders to choose between different protocols, blockchains or marketplaces they want to interact with to fulfill orders, transactions, purchases & sells, etc.
- Unlike banks which are centralized and require you to have an asymmetric key in order for them to control your transactions and keep a track of you, the DeFi realm combats that with decentralization which uses the asymmetric method of encryption and decryption.
- That means, you control your own wallet and you can check your own transaction histories easier through your wallet account, while other entities would need to link your blockchains, which they can't even alter in order to prevent bad acting on the blockchain.

#### Why would DeFi exist?

The real question is, why wouldn't it. Would you rather rely on a bank with your money or would you rely on nobody else than yourself who cares more about what happens with that money than any other entity does? Of course you would want to keep the control at most times and that's what DeFi allows you to do.

- While interacting with protocols might be safe with the help of Smart Contracts it does not come without risks. What you sign is important and therefore should be verified before signing to prevent any malicious behaviour. But usually, Smart Contracts are there to protect you and the protocol.
- In this way, we can prevent malicious behaviour and remain safe from scams, bad actors, hackers, phishing, etc. provided we know and understand what we're doing.

## DeFi Blockchains:

- Bitcoin (BRC-20)
- Ethereum (ERC-20)
- Solana (SOL)

#### **DeFi Protocols:**

- Uniswap (Good for Swapping & LPing)
- Stargate (Good for Bridging, LPing & Staking)
- Aave (Good for Supplying, Borrowing, Yield Providing & Staking)