

What is DeFi?

Decentralised Finance, or DeFi, is a collective word for financial systems on the internet that are not controlled by one single entity, like banks or payment processors. Instead it uses blockchain technology. In Defi, people can borrow, lend, trade and earn interest without a middleman. Smart contracts, which are self-executing agreements, automate these processes. making them efficient and trustworthy.

Cryptocurrencies like Ethereum or Solana play a big role in powering DeFi platforms. Users have control over their funds and can participate in various financial activities directly from their digital wallet. Examples of digital wallets are Metamask and Phantom.

To execute a task like swapping, borrowing and lending, or staking coins you use decentralised apps (dapps). These are actually made by a third party, so you have to be careful to use the right dapps and not sign malicious transactions, since that can lead to your funds being taken.