INTRODUCTION TO DECENTRALIZED FINANCE (DEFI)?
Why Learn Blockchain With Us?

- Trusted
- Strategic
- Practical
## Decentralized Vs. Traditional Finance: How Are They Different?

<table>
<thead>
<tr>
<th>Infrastructure</th>
<th>DECENTRALIZE</th>
<th>TRADITIONAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Does not require employees or institutions</td>
<td>Depends on institutions and employees</td>
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<table>
<thead>
<tr>
<th>Transparency</th>
<th>Offer transparency for codes</th>
<th>Does not offer any transparency</th>
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<table>
<thead>
<tr>
<th>DeFi Apps</th>
<th>Offers decentralized application for Finance</th>
<th>Does not offer any globalized application</th>
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<tr>
<th>Data Access</th>
<th>No access restriction</th>
<th>Comes with an access restriction</th>
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<tr>
<th>Algorithm Type</th>
<th>Provides open-source algorithms</th>
<th>Doesn't have any open-source programs</th>
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What Are the Benefits of Decentralized Finance?

- Can’t Be Tampered
- Interoperable Design
- Fully Transparent Network
- Permissionless Access
- User Empowerment
Offers applications that are immutable.

Once data gets verified and added, no one can alter these.

Offers full customization to smart contracts.
Most DeFi technology uses Ethereum’s standards and protocols.

Due to similar standards, the applications are interoperable.

Developers can introduce new features on top of the old DeFi application model, which also streamlined interoperability.
Typically uses public blockchain, which is a fully transparent network.

Every user takes part in verification, and thus any updates are broadcasted to them.

Even the source code is public property, and developers are free to use it.
All decentralized finance technologies have permissionless access.

It can offer financial rights to anyone around the world.

There are no restrictions based on their location.
User Empowerment

These applications don’t empower organizations. It’s more geared to users, and users have utmost control.

One needs to use crypto wallets and maintain their own account themselves.
Top DeFi Use Cases

- Asset Management
- Decentralized Organizations
- Derivatives and Synthetic Assets
- Improved Digital Identity
- P2P Borrowing and Lending
- Complying to AML and CFT Measurements
- Analytics and Risk Management
- Infrastructure Tooling
- Insurance
- Payment Solutions
Asset Management

- Offers solutions for network users to manage their assets.
- Users can buy, sell or transfer digital assets and earn interests as well.
- Helps users to maintain their sensitive data and the privacy of their account.
Complying to AML and CFT Measurements

- Offers Know-Your-Transaction (KYT) mechanism instead of Know-Your-Customer (KYC) protocols.
- Focuses on transaction behaviors to enforce AML and CFT measurements rather than user identity.
- Monitors transactions in real-time without disrupting user privacy.
Decentralized Organizations

- Can perform traditional tasks such as act as governance, manage assets, fundraise, etc.
- These are decentralized in nature and do not have boundaries like centralized organizations.
- Helps to establish decentralized administrative entities for managing core operations.
Analytics and Risk Management

- Helps to discover and analyze data more easily for the users.
- Users can use the data to make knowledgeable business decisions.
- Helps to discover a new type of financial opportunity and risk management tactics.
Derivatives and Synthetic Assets

Uses smart contracts to automate and introduce the creation of token-based derivatives.

These assets can work like traditional commodities, fiat currencies, bonds, stock prices, market indexes, and so on.

dYdX, Synthetix, etc., are applications geared towards tokenized derivatives.
DeFi offers infrastructure development tools that can connect and interoperate with each other.

Developers can utilize these applications to develop blockchain infrastructure.

InfuraAPI, TruffleSuite, etc., are applications geared towards infrastructure development.
Offers improved digital identity system that can act as a global identity.

Can provide attributes such as connection to financial activities and certifications.

Helps the underprivileged to get access to financial features from anywhere.
Gets rid of the abundance of paperwork, bureaucratic and cumbersome insurance claiming procedures.

Offers automated smart contracts to streamline the insurance claiming process.

Nexus Mutual, VouchForMe, and Opyn are DeFi applications geared towards insurance coverage.
It's created a new type of borrowing and lending marketplace. Offers peer-to-peer (P2P) networks for borrowing and lending applications. Compound and PoolTogether are DeFi applications geared towards interest-based protocols.
It can serve the underbanked and unbanked population around the world.

It can offer safer, faster, and transparent solutions compared to traditional systems.

Doesn’t require any middleman and can make payments more transparent and simpler.
What Are the Challenges of DeFi?

- Low Performance
- Bad User Experience
- Smart Contracts Bugs
- Oracle Manipulations
- High User Error
- Scattered Ecosystem
- Low Scalability
- Volatile Nature
Suitable Blockchain Courses and Masterclasses

- **Introduction to DeFi Course**
  - [https://academy.101blockchains.com/courses/defi-course](https://academy.101blockchains.com/courses/defi-course)

- **Blockchain in Finance Masterclass**

- **Central Bank Digital Currency (CBDC) Masterclass**

- **Enterprise Blockchains and Trade Finance Course**
101 Blockchains Certifications

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Certified Enterprise Blockchain Architect

Certified Blockchain Security Expert
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- First-class Training Content
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- Flexible Learning Using Modular Approach
- Access to Bonus Training Materials
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- Weekly Hands-on Assignments
- Professional Instructors
- Premium Support
Free Resources

Enterprise Blockchains Fundamentals - Free Course

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