Decentralized Finance (DeFi)

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Decentralized Fiinance (DeFi) is a blockchain-based form of finance that does not rely on central financial intermediaries such as brokerages, exchanges, or banks to offer traditional financial instruments, and instead utilizes smart contracts on blockchains, the most common being Ethereum. DeFi platforms allow people to lend or borrow funds from others, speculate on price movements on a range of assets using derivatives, trade cryptocurrencies, insure against risks, and earn interest in savings-like accounts. DeFi uses a layered architecture and highly composable building blocks. Some DeFi applications promote high interest rates but are subject to high risk. By October 2020, over $11 billion (worth in cryptocurrency) was deposited in various decentralized finance protocols, which represented more than a tenfold growth during the course of 2020. As of January 2021, approximately $20.5 billion was invested in DeFi.

Source: https://en.wikipedia.org/wiki/Decentralized_finance

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