

Settlement Layer

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The **Settlement Layer**, in [Decentralized Finance \(DeFi\)](#), is also referred to as **Layer 0** because it is the base layer upon which other DeFi transactions are built. It consists of a public [blockchain](#) and its native digital currency or [cryptocurrency](#). Transactions occurring on DeFi apps are settled using this currency, which may or may not be traded in public markets. One example of the settlement layer is [Ethereum](#) and its native token [ether \(ETH\)](#), which is traded at crypto exchanges. The settlement layer can also have tokenized versions of assets, such as the U.S. dollar, or [tokens](#) that are digital representations of real-world assets. For example, a real estate token might represent ownership of a parcel of land.¹⁾

Source: <https://www.investopedia.com/decentralized-finance-defi-5113835>

¹⁾

Rakesh Sharma, Investopedia, 24 March 2021, [Decentralized Finance \(DeFi\) Definition](#), Accessed 24 May 2021, <https://www.investopedia.com/decentralized-finance-defi-5113835>

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