

DeFi Business Models

Arthur Azizov

CEO



b2broker.com

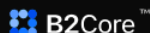


b2binpay.com

B2Broker Ecosystem

as of 15 March 2022

Technology



Trader's Room, Back Office
CRM, Client's Portal

b2broker.com/products/b2core-traders-room



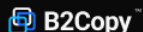
An affiliate program system
to attract new users and
increase trading turnover

b2broker.com/products/b2core-ib



Mobile app working across
the range of our products

b2broker.com/products/mobile-app



Money Management
Platform

b2broker.com/products/copy-trading-platform



Liquidity Aggregation Hub

b2broker.com/products/marksman



Matching Engine Platform
for Crypto Exchanges

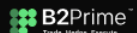
[b2broker.com/products/
b2trader-cryptocurrency-exchange-software](https://b2broker.com/products/b2trader-cryptocurrency-exchange-software)



Turnkey Brokerage
Infrastructure

[b2broker.com/products/mt4-white-label
b2broker.com/products/mt5-white-label](https://b2broker.com/products/mt4-white-label)

Liquidity



Global Multi Asset Prime
of Prime Liquidity Provider

B2Prime.com



Digital Assets Exchange for
professional and corporate clients

b2bx.exchange

Payment



Digital assets
processing provider
for merchant and
enterprise clients

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Digital banking services

eqwire.com



Banking solutions

b2bpaysolution.com

BAAS



Brokerage and
exchange as a service

B2Broker.com

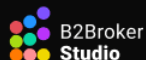
M&A



Venture capital fund

b2broker.com/products/b2broker-vc

Marketing



Design agency and
video production

B2Broker.studio

Ecosystem

B2Broker.com

Licenses



Fully Authorised
Investment Firm

Cyprus



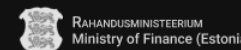
Fully Authorised
AEMI provider

UK



Fully Authorised
Investment Dealer

Mauritius



Fully Authorised Provider
of a Virtual Currency Service

Estonia

Membership



United Kingdom



Global

Offices around the world

London

Hong-Kong

Dubai

Tallin

Limassol

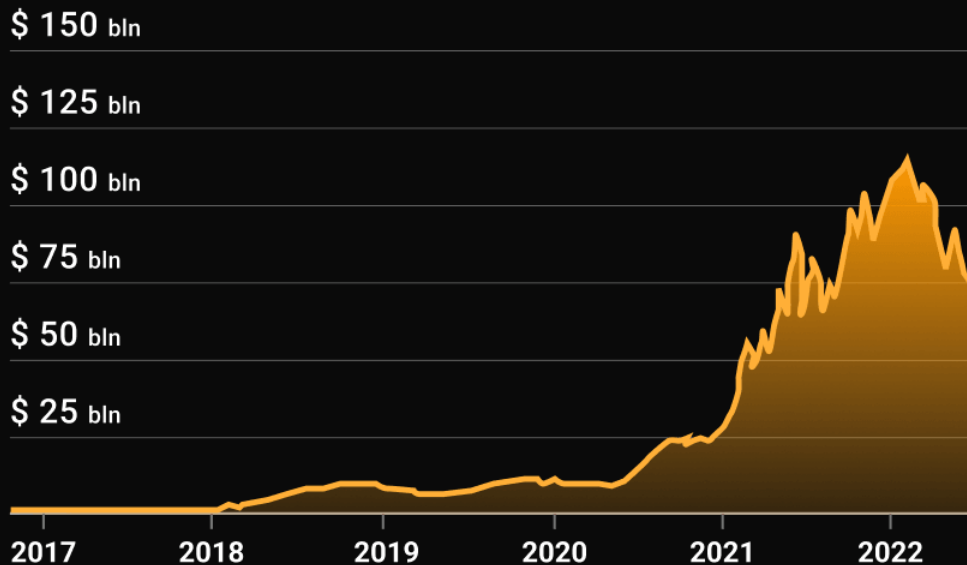
and others

Employees

270

DeFi in numbers (1/2)

TOTAL VALUE (USD) LOCKED IN DEFI



Over **\$75 bln** is locked in Defi at the moment

DeFi PULSE INDEX



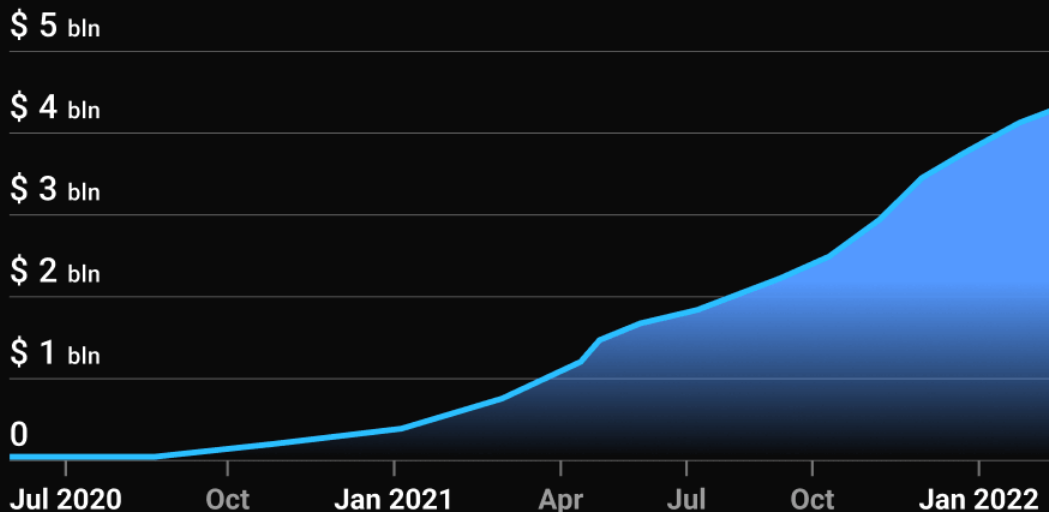
DeFi pulse index however stays at **\$150** indicating loss of coins value in recent times

DeFi in numbers (2/2)

TOP DeFi TOKENS BY MARKET CAP

Name	Market Cap, bln \$	24h volume, bln \$
 Terra LUNA	36.9	6.2
 Avalanche AVAX	20.2	1.5
 Wrapped Bitcoin WBTC	10.8	0.2
 Dai DAI	9.8	0.3
 Chainlink LINK	6.3	0.6
 Uniswap UNI	6.2	0.2

DeFi REVENUE



Market clearly shows a lot of interest to:



Terra

Algorithmic stablecoin which doesn't have fiat backing with aim at being used in payment system



Avalanche

ETH like platform. With focus on creating an easy way to build DeFi projects on top of it

Over last 2 years DeFi protocols generated for its users and token holders

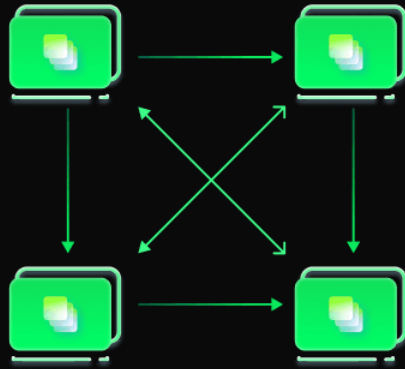
over **\$4 bln**

Core Idea of DeFi

Traditional Financial System



Decentralised Financial System



Traditional Finance

Users must share personal data, which is vulnerable to security breaches.

The unbanked or underbanked can't access traditional financial services.

Payment can be intercepted and markets can be shut down.

The clearing and setting of transactions can take days.

The hours of operation are limited.

DeFi

No need to disclose personal details, just connect a digital wallet.

Users custody their own funds, easier to avoid loss of funds.

Trustless – no need to worry if a protocol will do what it says it will do.

Speedy – transactions are completed in near real-time.

The DeFi markets operate around the clock, 24/7/365.

VS

Lending

Allows users to lend and borrow certain coins by providing other coins as collateral.

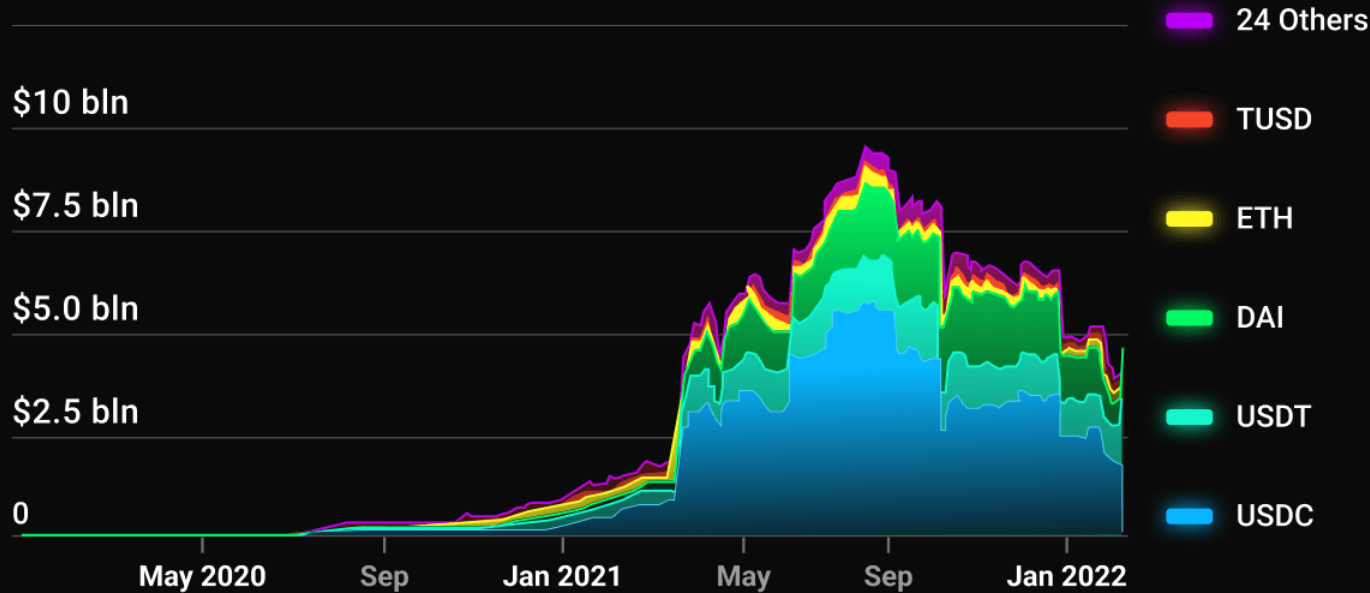
Interest is paid by borrower and distributed to lenders.

Risks are controlled via collateral and liquidation procedures rather than creditworthiness.

Key use cases for borrowers include speculation, arbitrage and yield farming. For lenders it is mostly an opportunity to earn interest.

Key use cases for borrowers include speculation, arbitrage and yield farming.

AAVE OUTSTANDING DEBT



Main platforms



Venus



Blockfi

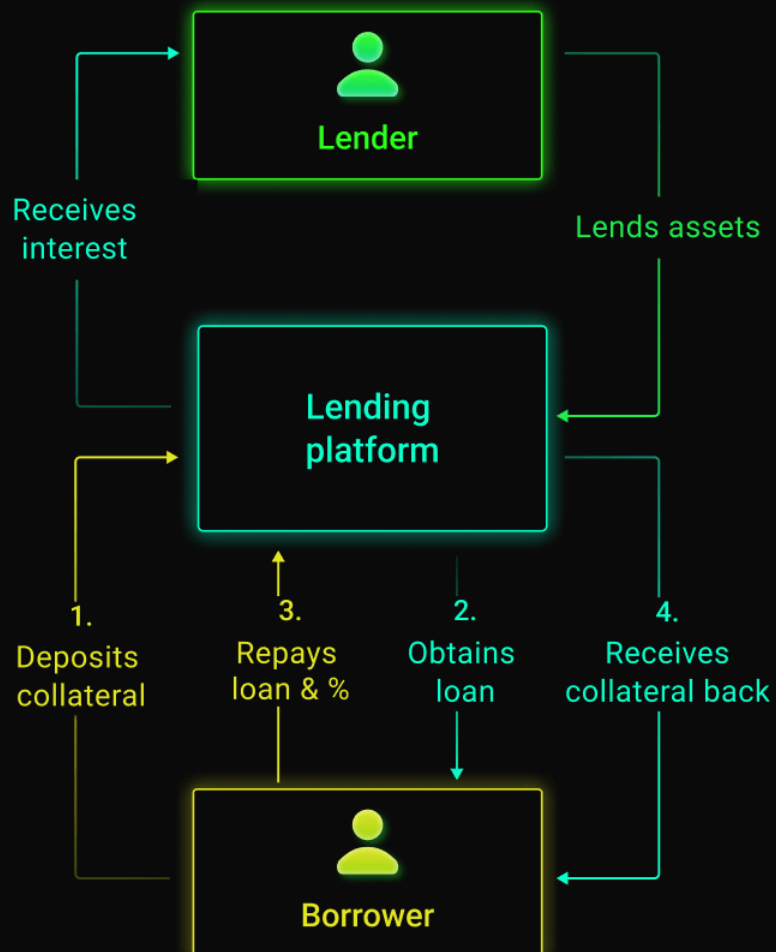


Aave



Compound

Lending – workflow



AAVE as an example

Name	Market Cap	Total borrowed	Deposit APY	Borrow APY
Ethereum	\$ 3.53 bln	\$ 0.53 bln	0.25%	1.86%
USD Coin	\$ 2.06 bln	\$ 1.39 bln	1.89%	3.05%
WBTC Coin	\$ 1.26 bln	\$ 0.03 bln	0.01%	0.31%
USDT Coin UNI	\$ 1.06 bln	\$ 0.86 bln	2.78%	3.71%
Dai DAI	\$ 0.95 bln	\$ 0.54 bln	1.49%	2.88%

Lenders on average receive 1.9% on key symbols.

Borrowers pay over 2.7%.

Difference is distributed to **platform** related features like ecosystem incentives

Carry Trade on DeFi

Financial Institutions are borrowing money with a low currency rate, convert money in crypto and invest in DeFi.

Decentralized exchanges

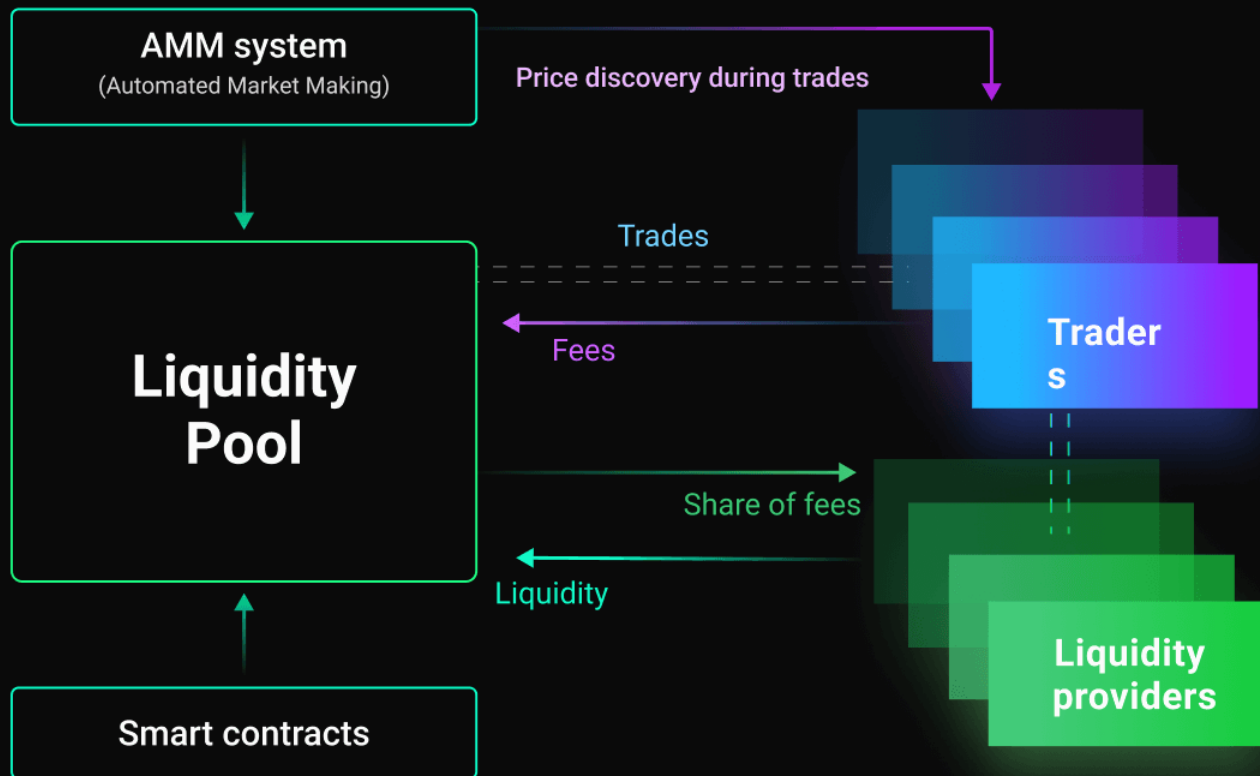
A pool of cryptocurrencies is created by putting in initial capital

Liquidity providers are encouraged to increase the pool in exchange for share of fees. **Increasing pool is important as it decreases slippage**

There is no order book, user trades directly through AMM. **There is no matching of orders**

Works well especially for trading small coins with poor liquidity. As the result, **dexes are popular for promoting new coins.**

Price discrepancies create arbitrage opportunities



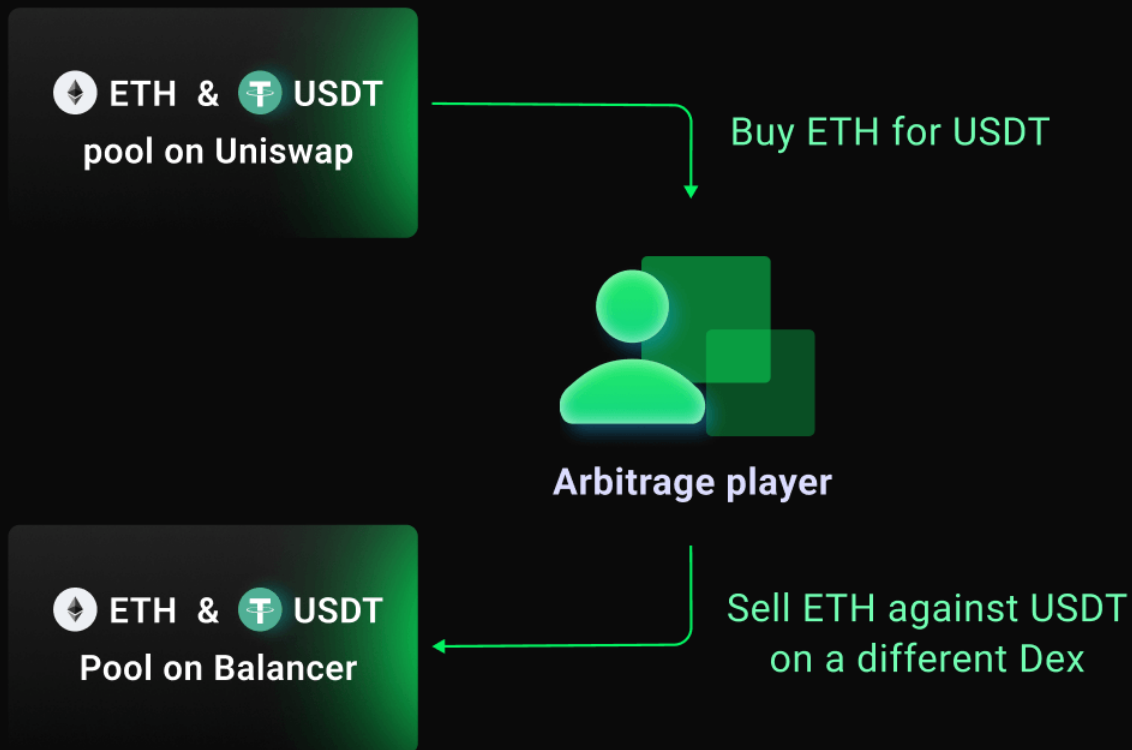
Operations related to pooling and trading are handled via smart contracts

Basic workflow of arbitrage on Dexes

- Any price discrepancy between 2 exchanges potentially creates an opportunity to make guaranteed (or close to guaranteed) profit

- Speed of transaction is very important

- Additional tools like flash loans are often used to enhance arbitrage strategies



Dexes – AMM mechanism

Uniswap constant product AMM (the start of it)

$$x \times y = z$$

Fees redistribution on Pancake swap (as an example)

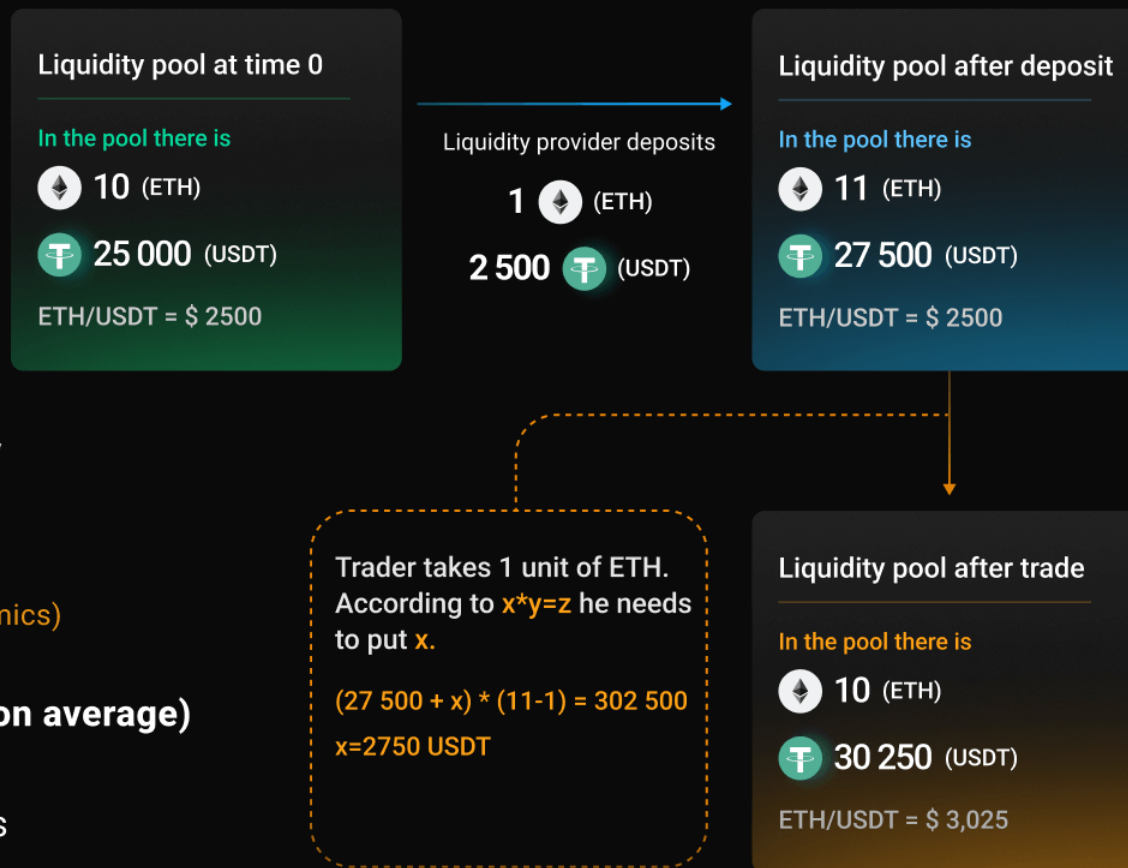
Trading fee is **0,25%** distributed as:

- 0,17%** returned to Liquidity Pools as a fee reward for liquidity providers (**LP motivation**)
- 0,03%** sent to the PancakeSwap Treasury (**platform reward**)
- 0,05%** sent towards CAKE buyback and burn (**part of tokenomics**)

Motivation of LP – gain passive returns (**around 6% on average**)

Motivation of trader – speculation

Motivation of platform – token appreciation and fees



Derivatives (1/2)

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SNX stakers

earn portion of fees on each trade for providing liquidity. Fees are around **0.1%** on each trade

—

Non SNX stakers

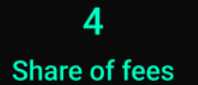
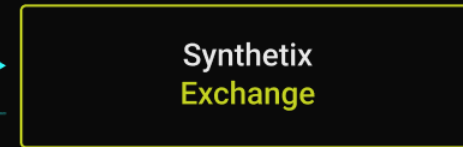
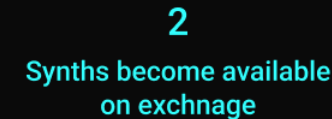
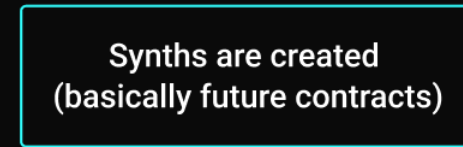
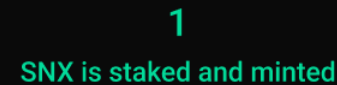
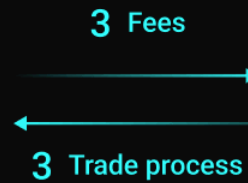
trade on exchange trying to make speculative profit

—

Platform mostly earns from growth of value in its own governance coin



One of the leading derivative products



Derivatives (2/2)

Liquidity provider's side

1.

SNX is locked as collateral

Collateral is needed to form a pool of liquidity to enable trading

2.

Synths are minted based on SNX pool

Synths can be treated as regular derivatives like futures.

750% collateralization ratio rule is applied

3.

For each trade SNX holders receive portion of fees

Key motivation for carrying risk.

Fees amount to over 0.1% on each trade

Trader's side

1.

Purchase sUSD or SNX

These symbols are used as equity for traders

2.

Do regular trades

Regular Buy and Sell operations are available. Fees are applied and distributed

3.

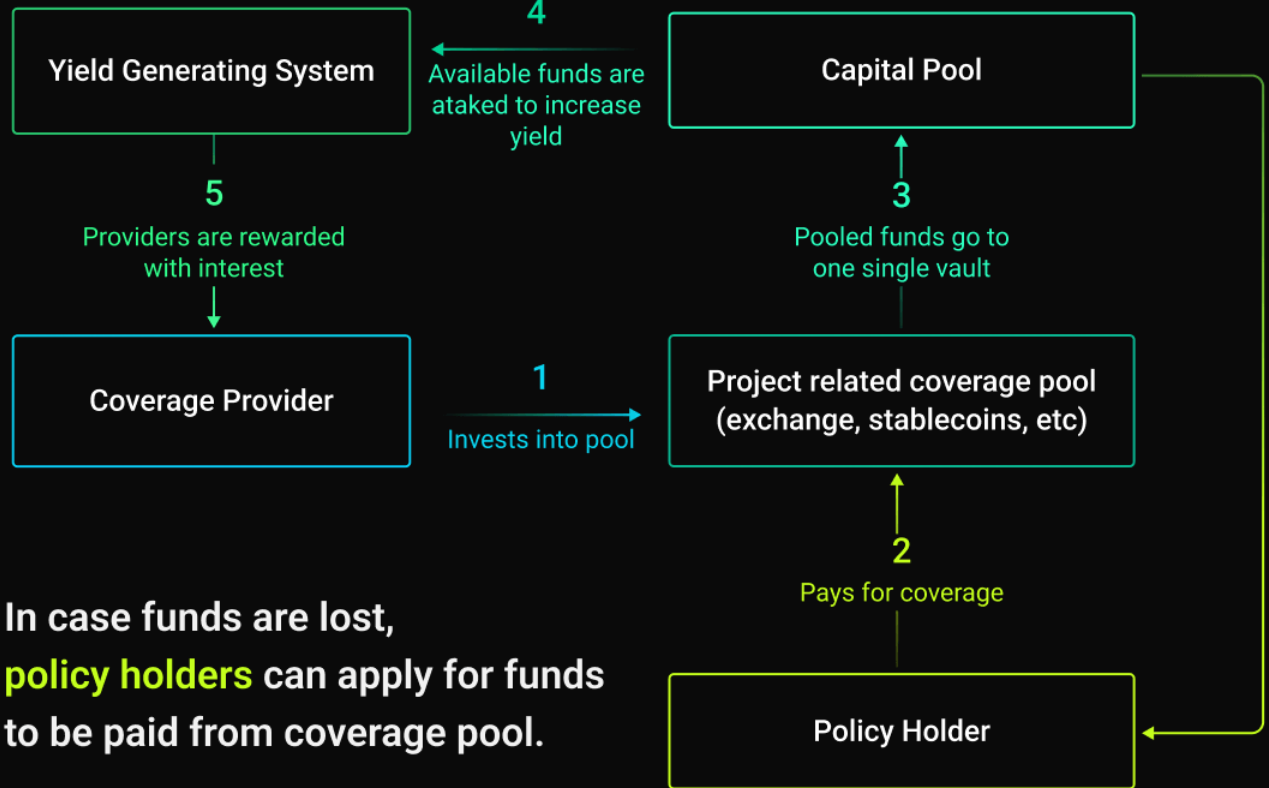
Risks are controlled via liquidation mechanisms

Collateralization ratio is key

Insurance

- 1 Coverage providers give liquidity to claim.
- 2 Policy holders pay for coverage on a specific project (**example – loss due to phishing attack on AAVE**)
- 3 Accumulated funds are pooled together
- 4 Funds are reinvested according to a yield farming algorithm to enhance returns for platform and coverage providers
- 5 Portion of accumulated funds goes to **platform**. Rest to coverage **providers**. They can earn over 20% APY

Bridge mutual platform overview (as an example)



In case funds are lost, **policy holders** can apply for funds to be paid from coverage pool.

Note that the fact of loss needs to be approved by the central party

Policy holders are paid in case of risk realisation

DeFI Components

Aggregation Layer

Access multiple platforms from one system.

Example



Application Layer

Individual Dapps.

Example



Protocol Layer

System to handle decentralized processes.

Example



Asset layer

Type of cryptographic token

Example



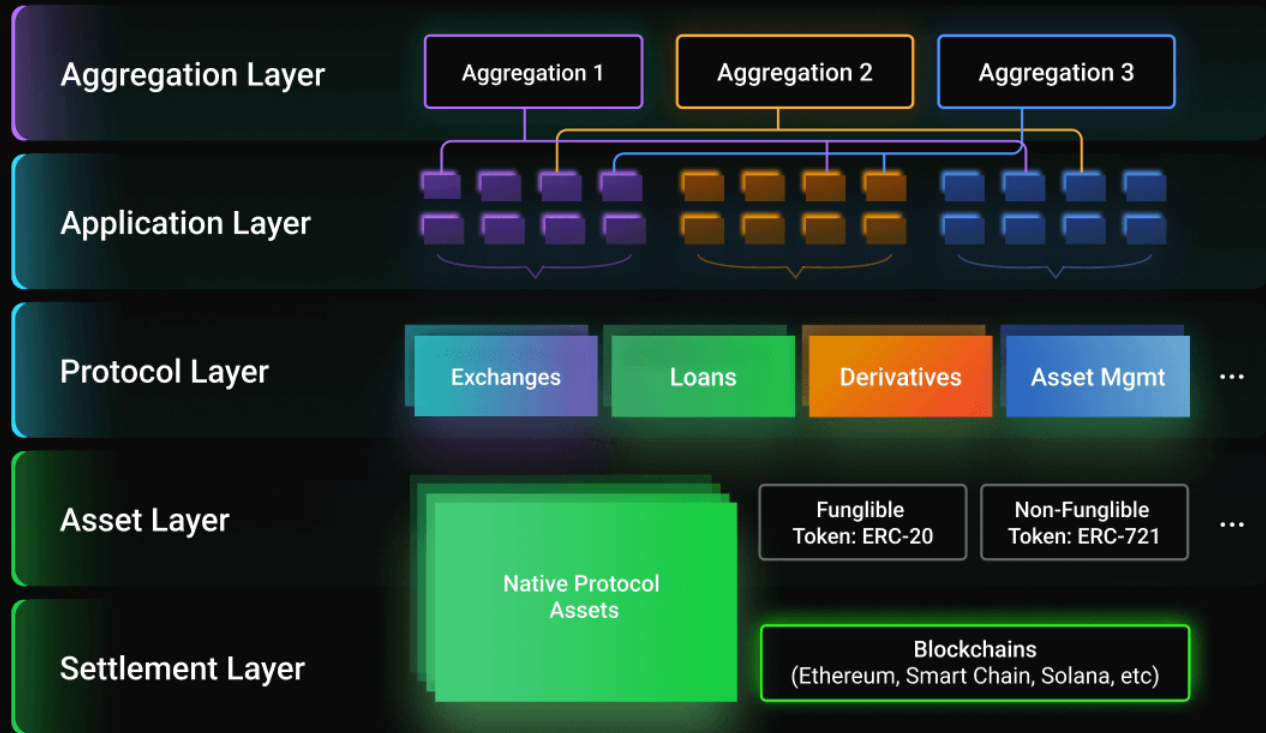
Settlement Layer

Where each transaction is reflected.

Example

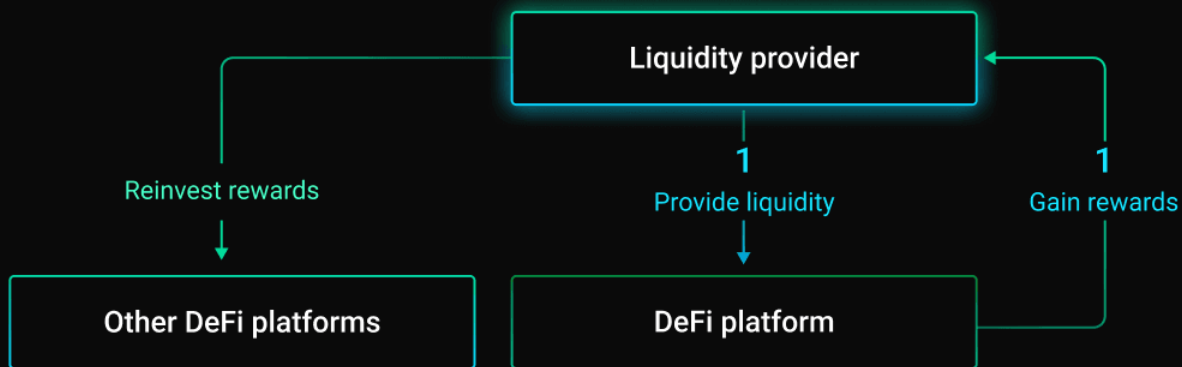


The Decentralized Finance Stack



Yield farming, staking and users' motivation in DeFi

Basic yield farming workflow



Yield farming is a process of moving crypto between different protocols in an attempt to maximize return.

Staking and borrowing play a key role.

The highest return is gained however rather from coins price growth than rewards.

Often leverage is used.

DeFi staking

- Coin is used in economics of the platform (lending, dexes, assets, derivatives, anything). And user is rewarded for it
- Every platform has its own risk



Pancake swap



AAVE

Proof of stake (PoS)

- Tokens are locked in smart contracts to help validate transactions
- Right of validation is distributed randomly
- Rewards are payment for validating transactions
- Not risk free (volatility, liquidity, theft and more)



Cardano



Solana

Asset management

Investment management automation

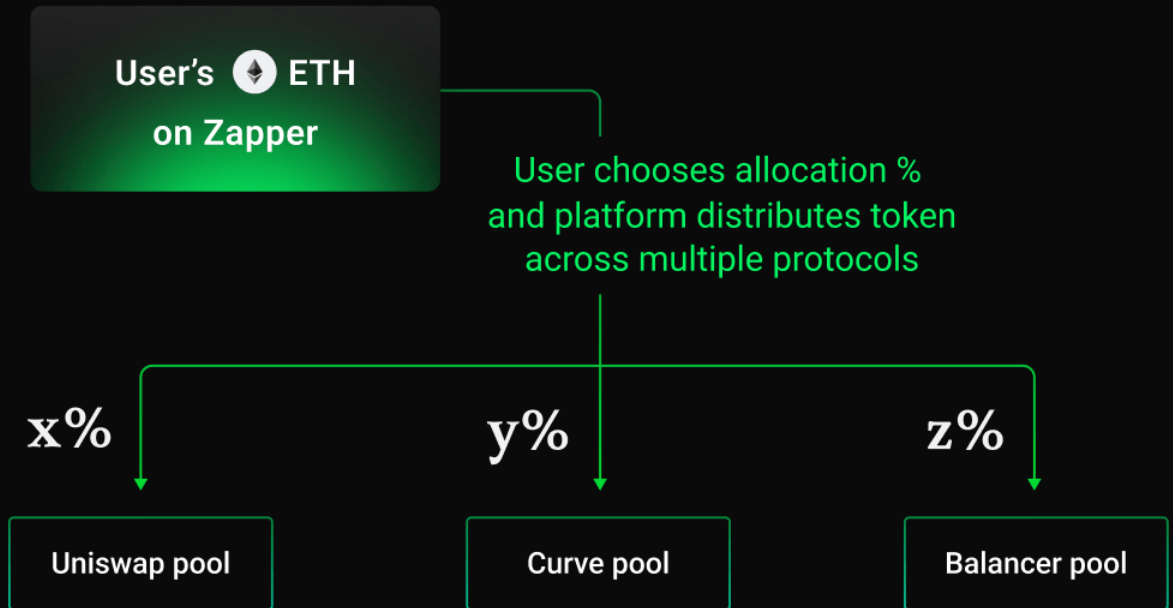
Aggregate multiple platforms

Typical services include:
dashboards, automated trading strategies,
yield farming optimization

Pseudo-anonymous as connection
is established through wallets



Workflow of Zapper multi platform allocation (as an example)






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