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Next Wave of Fintech — Open Source Finance

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Companies vs. Cryptoassets

	Companies	Cryptoassets
Investing in	Companies (legal entities)	Public, open source networks
Profitability mechanism	Sell products/Services —> Company profits —> Dividends	Network operation (i.e. miners) Pseudo-profits via burning & buy back mechanisms
Valuation depends on	Current & expected company profitability	Size and usage of the network
Potential growth rate & appreciation	Regular	Larger (decentralization, virality n^2)
Intellectual property	Important, protected asset of the company	Open source
Who captures most of the value created	Owners/Investors	Users (for utility cryptoassets)

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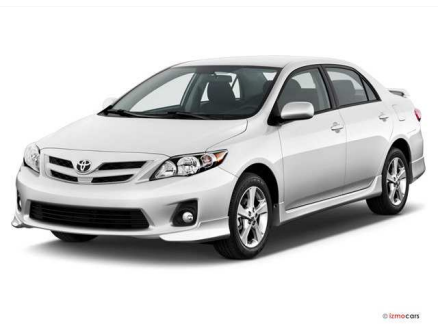
Evolution of Technology Products & Services

- Products to Services Trend



Buy Car

Pay for Ride

- Proprietary to Open Source Trend

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Evolution of Technology Products & Services

	Proprietary	Open Source
Products	Windows, OSX, iOS, Word, B2B	Linux, Android, OpenOffice
Services	Uber, Spotify, Netflix	Protocols (crypto-networks)

Emergence of open source financial services

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Crypto-economic mechanisms

- Minting = creation of new coins
  - Max number of coins to be minted can be immutable
  - More sophisticated rules for when and how to mint coins
- Burning = destruction of existing coins
  - Lowers total supply
  - Can act as a proxy for dividends (e.g. Binance)
- Staking
  - Lock coins on the platform in order to be able to do work for the protocol
  - Can act as a proxy for dividends (payable in the native coin)
- Time locks
  - Time based

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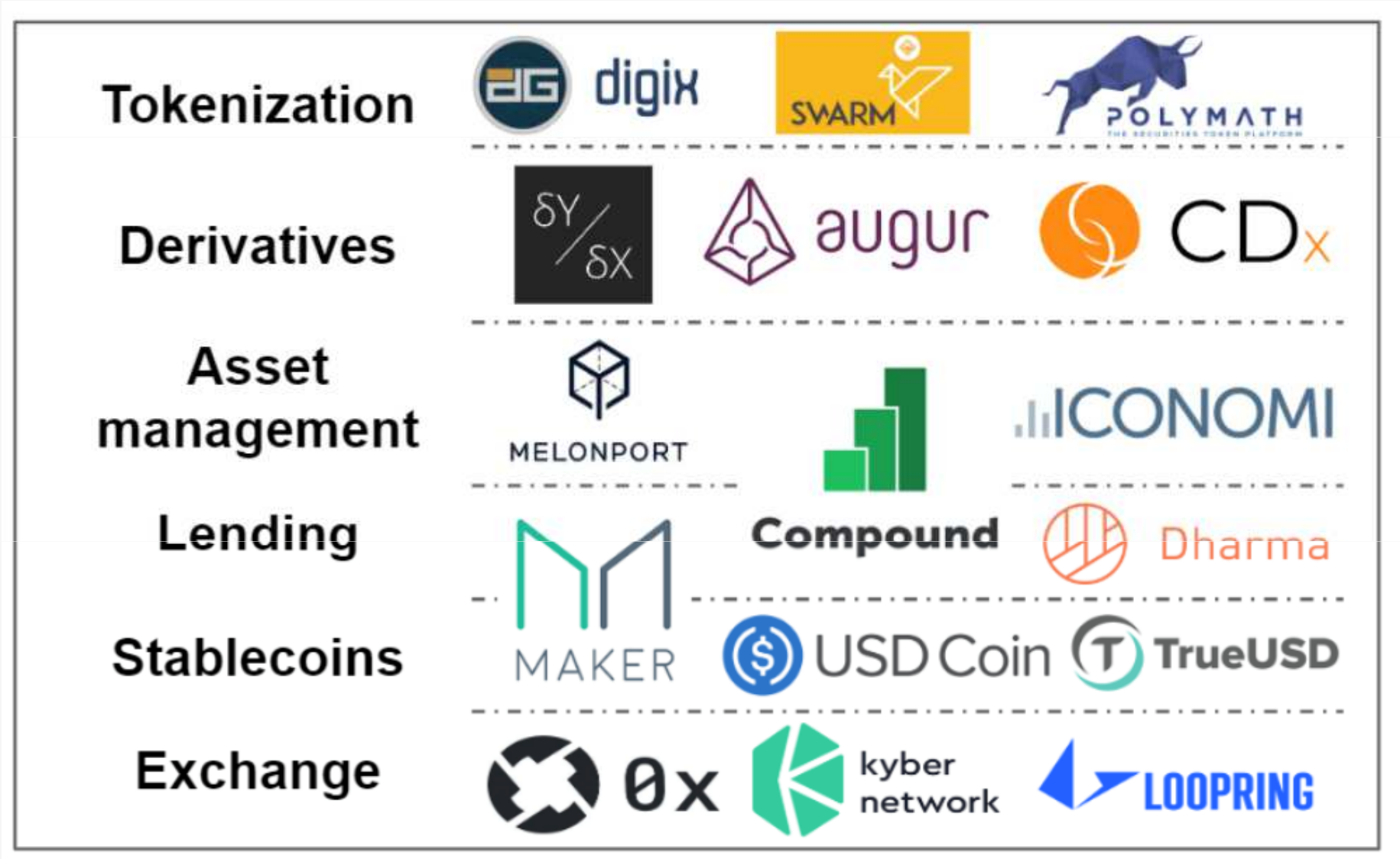
Open Source Financial Services



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Case Study 1: MakerDAO — Lending Service

MAKER

- Target Use Cases
  - Get $ denominated loan using crypto assets (ETH) as collateral
  - Leverage for crypto assets (ETH)
- How it works
  - Lock ETH in smart contracts and mint DAI (stablecoin) as loan
  - Market makers ensure profitability when DAI deviates significantly from 1:1 peg by creating new DAI or liquidating existing debt positions
  - Interest is paid in MKR and is then burnt
- Vision
  - Multi-collateral DAI —> expand list of crypto assets used as collateral
  - Tokenization of real-world assets
- Metrics
  - $400M+ loans generated since Jan 2018
  - Stablecoin survived 85% drop in ETH price
  - 0 marginal cost per user / $ added to the system

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Case Study II: 0x — Decentralized Exchange

- Target Use Cases
  - Exchange digital assets without requiring centralized custody
  - Permissionless, global access to exchange platforms
- How it works
  - On-chain settlement + off-chain order relay
- Vision
  - Create network of relayers to share liquidity pools
  - Expand into non-fungible assets
  - 0x Instant (swap assets seamlessly by integrating into other products/services)
- Metrics
  - 30+ relayers & projects using the protocol
  - $750M+ volume since launch in Q4 2017
  - Reduced liquidity compared to centralized exchanges
  - 3x faster than when compared to centralized exchanges flow

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Questions & Answers

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