

# Deep Dive into the unprecedented DeFi Growth



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Prepared by ConsenSys  
Nov 2021

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DeFi is not just copying existing traditional financial products.

DeFi's interweaving set of protocols and applications delivers powerful new patterns of creating and distributing value for communities.

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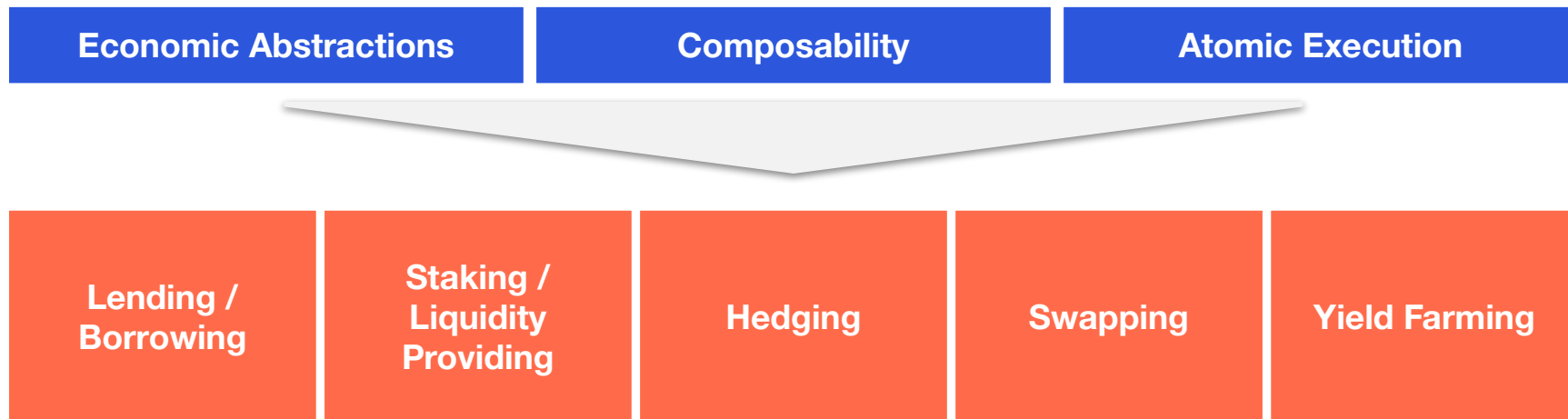
**04. Capital Markets is being rebuilt**

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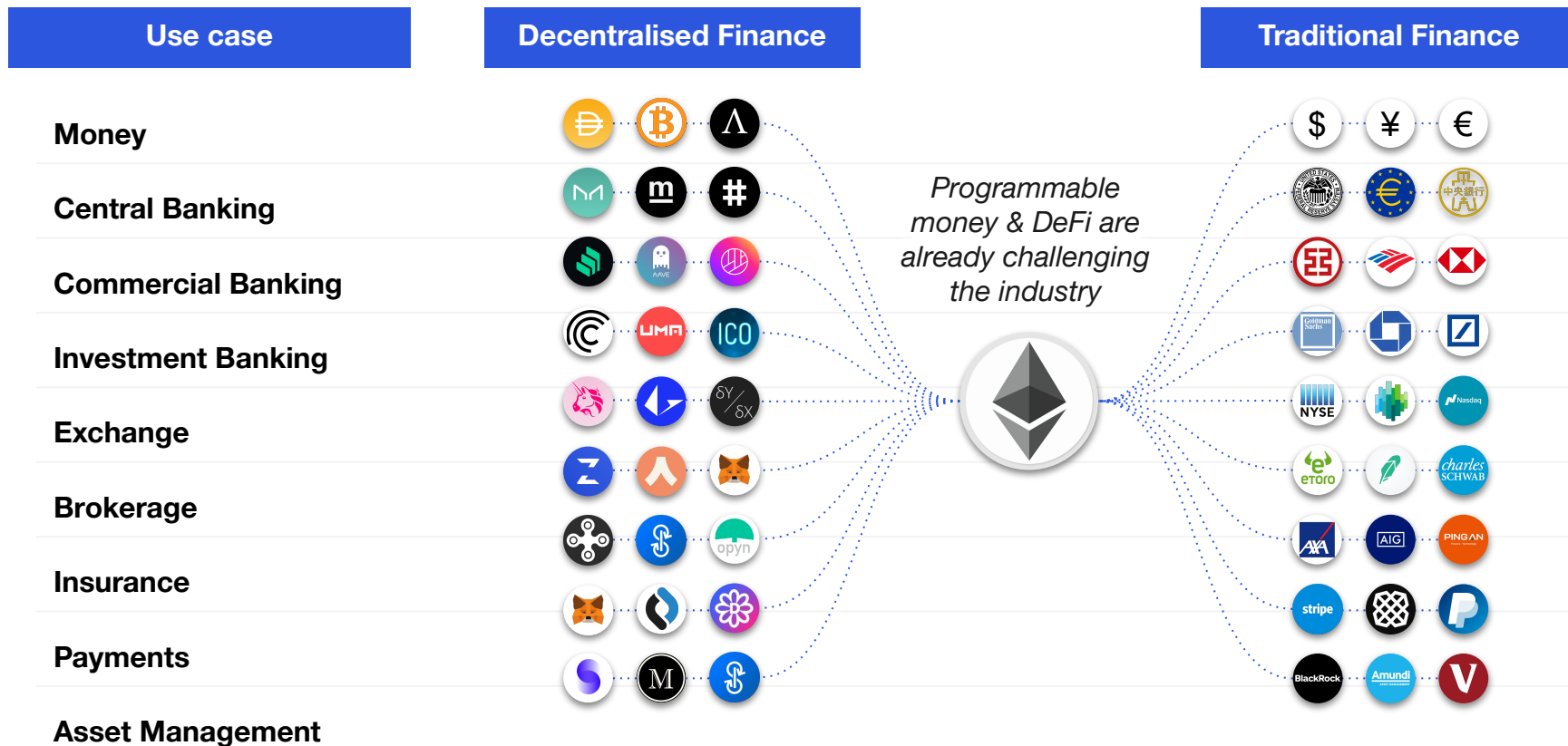
# 01. Decentralized Finance has grown up

# Why is DeFi Incredibly Interesting?

DeFi enables a set of **arbitrarily composed** and **atomically executed** interactions with **self-sustainable economic abstractions**, each of which operates in a **predefined** and **tamper-proof** fashion and has **liveness**.

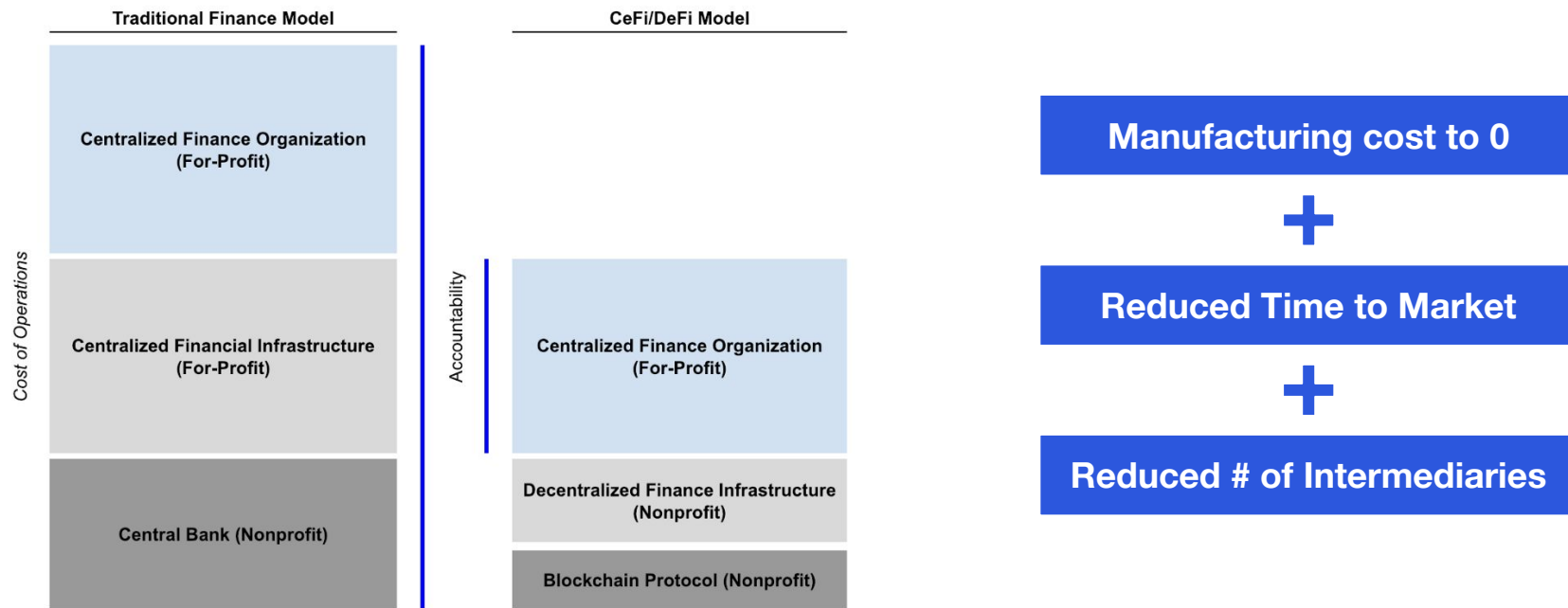


# Decentralized Finance (DeFi) is already challenging the industry



# Opportunities for businesses and financial institutions

Businesses developing highly automated, interoperable products on low-cost decentralized protocols could be immensely disruptive and catalyse innovation and accessibility of financial services.



# Decentralised Finance (DeFi) is full of opportunities



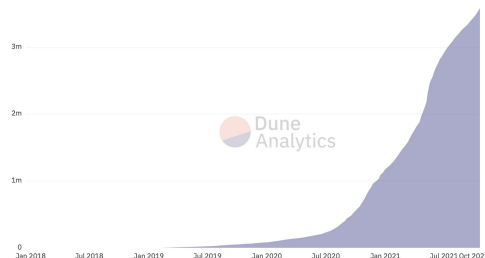
The Ethereum DeFi ecosystem has reached **\$100B in collateral**.

Cryptocurrency funds, custodians, and professional traders increasingly seek **exposure and access** to the diverse decentralized finance opportunities that compose Web3.

## DeFi Users (2018-2021)

Total DeFi users over time

Users = unique addresses. Since a user can have multiple addresses the numbers below are overestimates. Source: @richardchen39



## Collateral Deployed (2020-2021)

### Total Value Locked (USD) in DeFi

TVL (USD) | ETH | BTC

All | 1 Year | 90 Day | 30 Day



## Key Projects

(Top 10 DeFi Tokens by Market Cap - Source: coinmarketcap - October 2021)



**1. Terra (LUNA)** - A blockchain protocol that uses fiat-pegged stablecoins to power price-stable global payments systems.  
**MC: \$16.8B**



**2. UniSwap (UNI)** - A popular decentralized trading protocol, known for its role in facilitating automated trading of decentralized finance tokens.  
**MC: \$16.7B**



**3. Wrapped Bitcoin (WBTC)** - A tokenized version of Bitcoin that runs on the Ethereum blockchain.  
**MC: \$14.5B**



**4. Avalanche (AVAX)** - An umbrella platform for launching DeFi applications, financial assets, trading and other services.  
**MC: \$13.6B**



**5. Chainlink (LINK)** - A decentralized oracle network which aims to connect smart contracts with data from the real world.  
**MC: \$12.9B**



**6. Dai (DAI)** - A stablecoin managed by the Maker Protocol and the MakerDAO decentralized autonomous organization.  
**MC: \$6.4B**



**7. Fantom (FTM)** - A directed acyclic graph smart contract platform providing decentralized finance (DeFi) services to developers.  
**MC: \$6.1B**



**8. Tezos (XTZ)** - A blockchain network that's based on smart contracts, in a way that's not too dissimilar to Ethereum.  
**MC: \$6.1B**



**9. Pancake Swap (CAKE)** - A decentralized exchange which uses smart contracts to create markets for any given pair of tokens.  
**MC: \$4.7B**

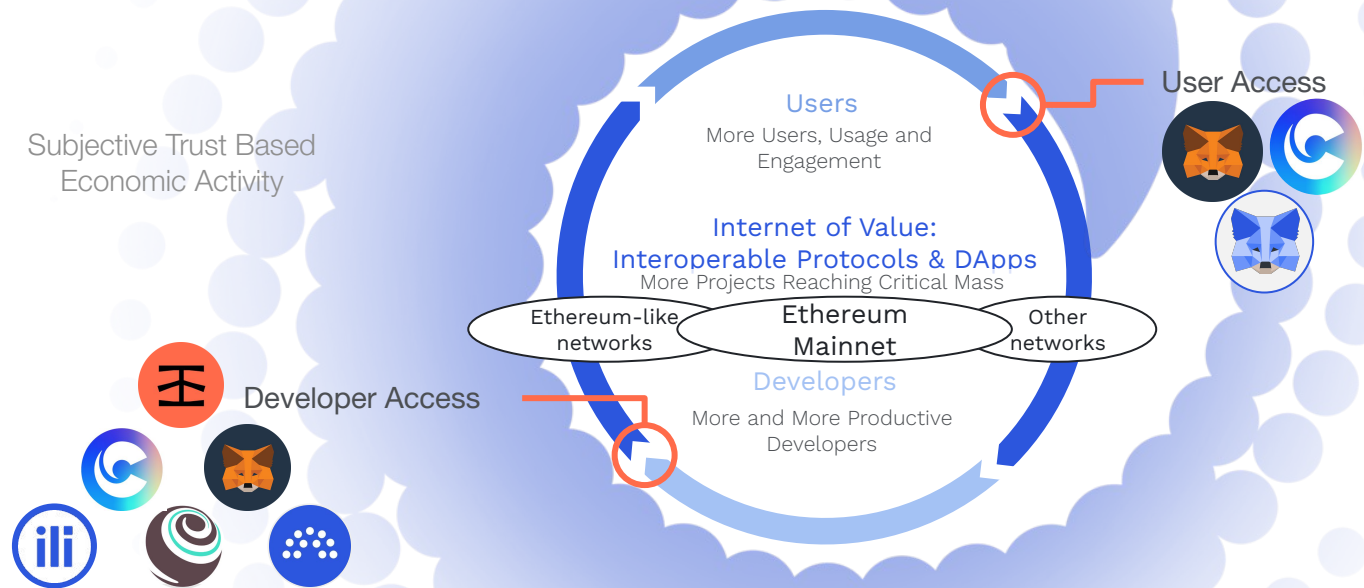


**10. Aave (AAVE)** - A decentralized finance protocol that allows people to lend and borrow crypto.  
**MC: \$4.3B**

## 02. ConsenSys' role in DeFi



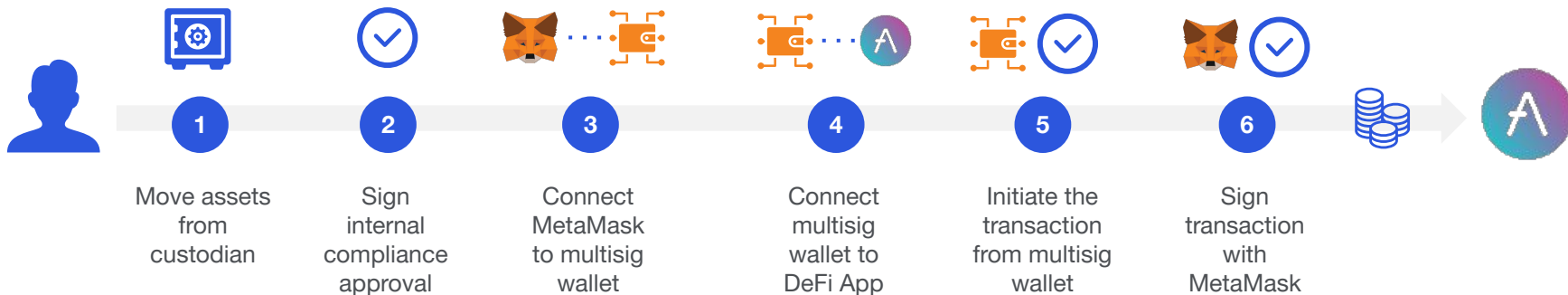
# We enable users and developers to access the internet of value



# Access to Web3 and DeFi is still cumbersome



Using custodial accounts is still an **inefficient process**, which requires multiple connections and transfers of crypto assets from secured “cold” wallets to “hot” wallets that don't always have access to the latest web 3 and Defi apps.



**Main Pain Points: One trader holds all assets or traders require constant signs off.**

- High operational expense
- Time consuming
- Multiple wallets and multiple keys - high risk
- Prone to errors

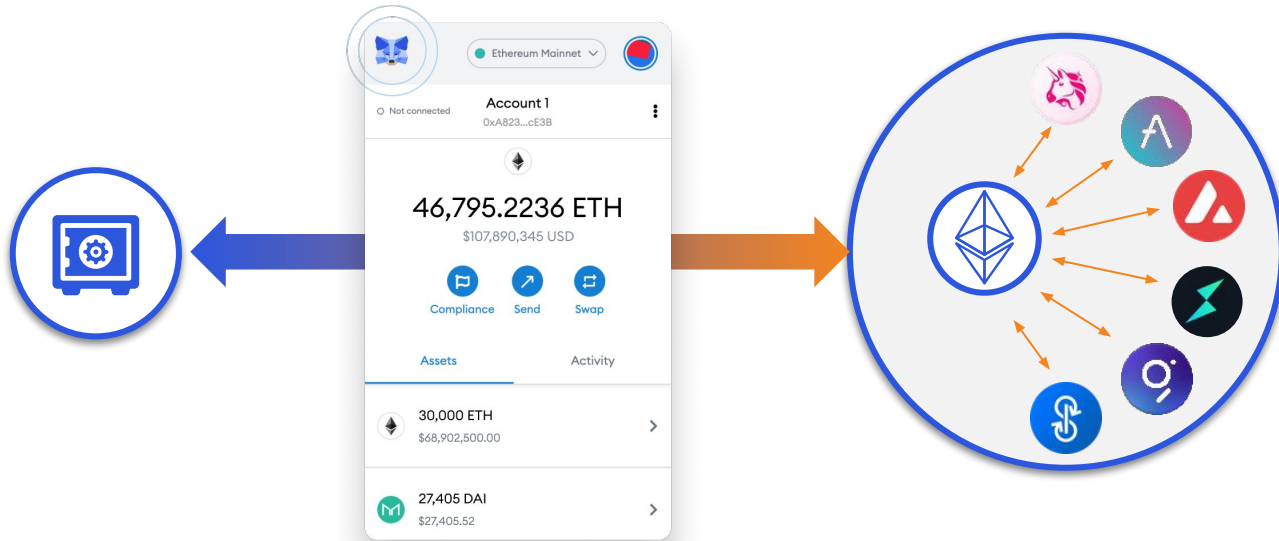
# Introducing MetaMask Institutional



The DeFi wallet and Web3 gateway for crypto funds, market makers, and trading desks

We've built an **SDK** and an **API** that plugs MetaMask into a Custodian.

By integrating natively between **Third Party Custodians** and Metamask, three fundamental user needs are solved:

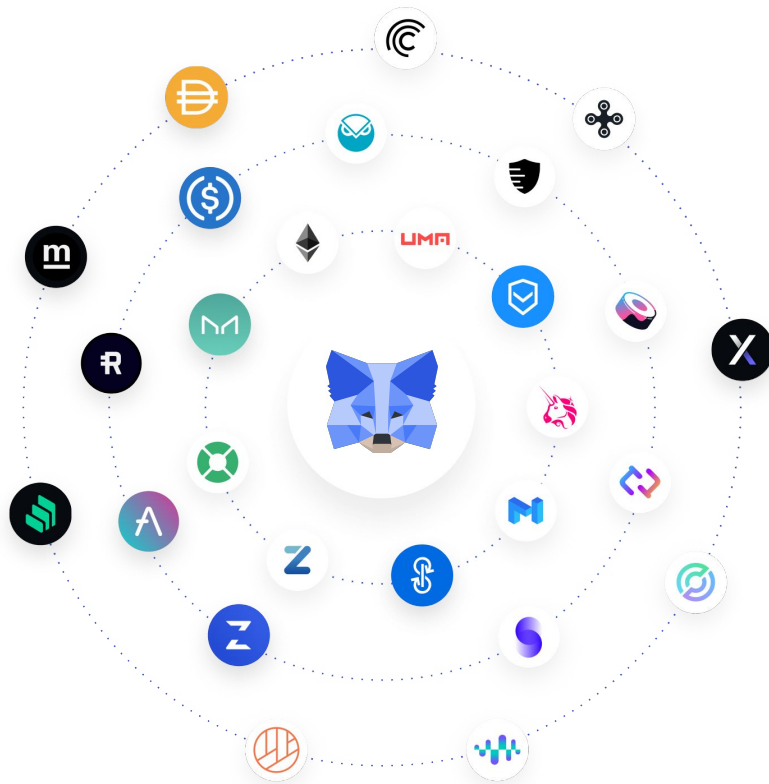


# 1. Unrivalled access to DeFi



MetaMask serves over **15M monthly active users** and is integrated with almost every DeFi dapp.

**Only we offer direct access to tens of thousands of venues for trading, staking, lending, borrowing, derivatives, asset management and more.**

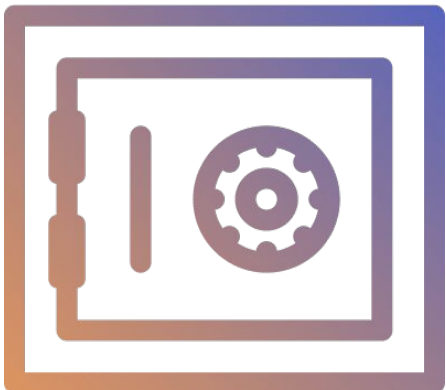


## 2. Risk management



Institution-compliant custody solutions

Multi-sig approval



**METAMASK**  
Institutional



### 3. Operational efficiency



#### FROM THIS:

#### Typical DeFi Investment Process



##### Step 1

Assets in cold storage



##### Step 2

Approve transfer  
to a hot wallet



##### Step 3

Connect hot wallet to  
MetaMask for transaction  
signing



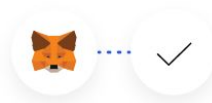
##### Step 4

Connect hot  
wallet to Dapp



##### Step 5

Initiate transaction  
from hot wallet



##### Step 6

Sign transaction  
with MetaMask



##### Step 7

Broadcast to mainnet  
for mining



##### Transaction complete

### 3. Operational efficiency



**TO THIS:**

#### DeFi Investment Process with MetaMask Institutional



##### Step 1

Assets held by custodian



##### Step 2

Connect to Dapp.  
Initiate and confirm the transaction with MetaMask Institutional



##### Step 3

Transaction is sent to the custodian for approval before signing and broadcast to Mainnet

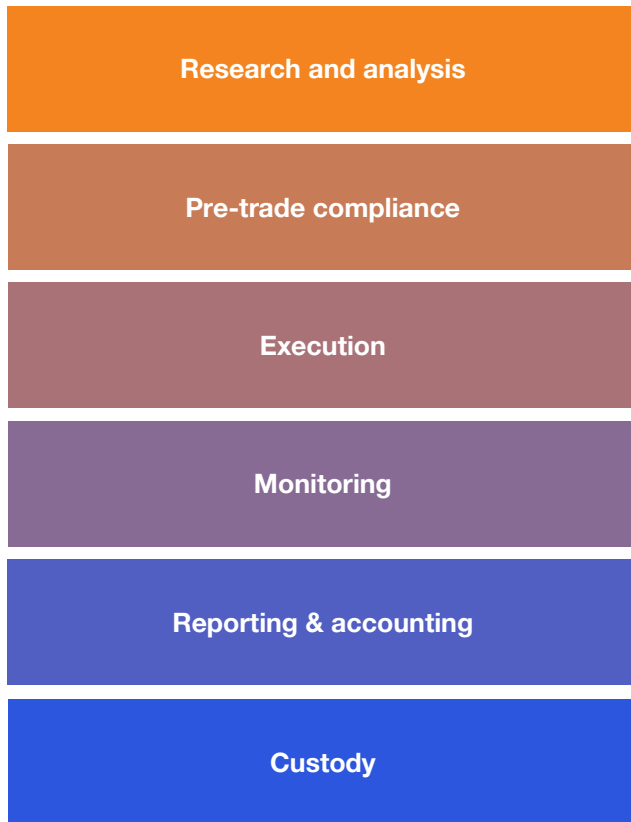
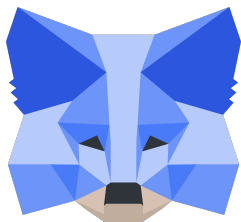


##### Transaction complete

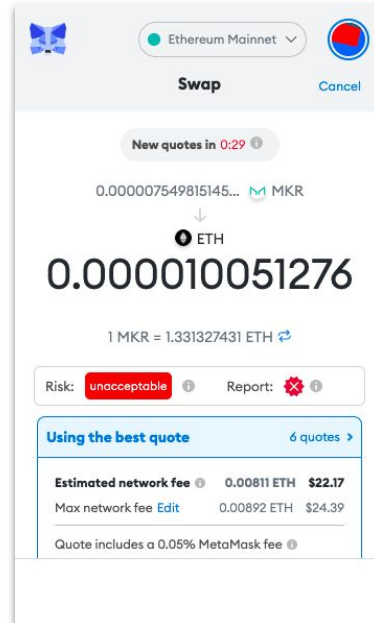
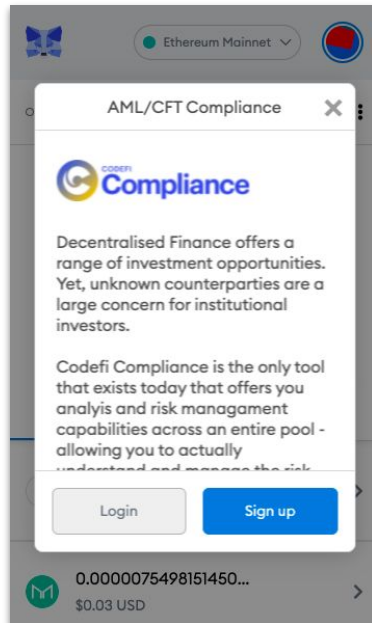
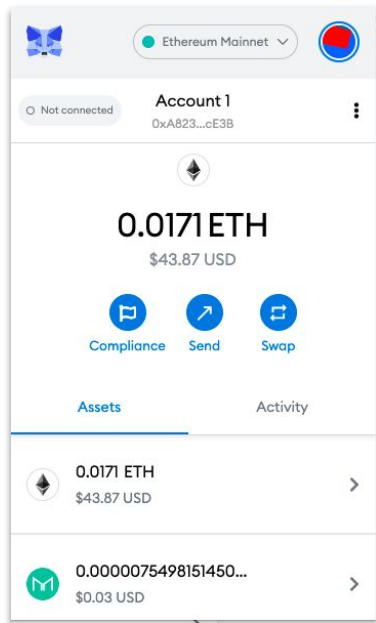
# 03. What we have built



# The capital allocation stack



# AML/CFT Compliance - MMI Compliance



## Vertical Stack

Research and analysis

Pre-trade compliance

Execution

Monitoring

Reporting & accounting

Custody

# Best execution - Institutional MetaMask Swaps



**Swap** Cancel

**Swap from** Max

MKR

0.000007549815  
≈ \$0.02

0.000007549815145034 MKR available to swap

**Swap to**

renBTC

Verified on 11 sources. Always confirm the token address on [Etherscan](#).

**Advanced Options**

**Slippage Tolerance** ⓘ 2% **3%** custom

[Review Swap](#)

[Terms of Service](#)

**Swap** Cancel

Quote 3 of 7

**Checking 0x API**

[Back](#)

**Swap** Cancel

New quotes in 0:31 ⓘ

0.000007549815145... MKR

renBTC

**0.00000049**

1 MKR = 0.064902251 renBTC ↗

Risk: **unacceptable** ⓘ Report: ⚠ ⓘ

**Using the best quote** 5 quotes >

**Estimated network fee** ⓘ 0.00916 ETH \$17.14

**Max network fee** [Edit](#) 0.01228 ETH \$22.99

Quote includes a 0.05% MetaMask fee ⓘ

[Swap](#)

## Vertical Stack

Research and analysis

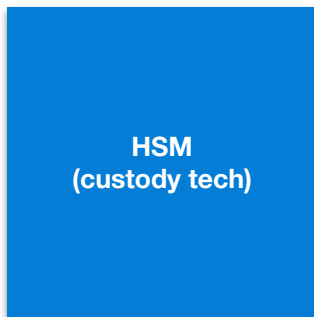
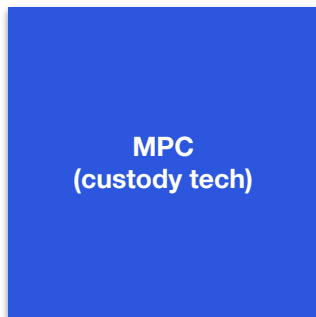
Pre-trade compliance

Execution

Monitoring

Reporting & accounting

Custody



## Vertical Stack



# Integrated Custody Solutions



- Global leader in custody and security solutions with over \$40B in assets under custody.
- Pioneered the multi-signature wallet and is the first digital asset company to focus exclusively on serving institutional clients.
- Secures approximately 20% of all on-chain Bitcoin transactions by value and supports more than 400 digital assets within its platform.
- More than 500 institutional clients in 50 countries, including many regulated entities and the world's top cryptocurrency exchanges and platforms.



- Offers decentralised crypto custody secured by Multi-Party Computation (MPC)
- Supports institutions—from small-cap crypto funds to global asset managers—that are very active in their DeFi yield farming.
- Its Layer 2 blockchain also enables seamless, low-cost access to a growing ecosystem of cross-chain trading and liquidity opportunities



- Trust company based in Hong Kong with over USD10 billion in assets under custody.
- The third-party institutional custody service provided by Matrixport, Asia's fastest growing digital assets financial services platform
- Offers cold and warm storage, enterprise crypto management features, and DeFi connectivity for miners, corporates, funds and projects.

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# 04. Capital Markets is being rebuilt

# DeFi creating new institutional players



	TradFi	DeFi
Buyer & Sellers	Real Money Investors Leveraged Investors Corporates Banks & Financial Institutions	Crypto Funds DeFi Protocol Lenders DAOs
Market Makers	Top 20 Investment Banks Market Makers	DEXes & AMMs DeFi Protocols
Custodians	Top 5 Traditional Custody Providers Prime Brokers	Crypto Custodians Custody Tech Providers
Clearing & Settlement	CSDs FMIs	Cryptographically secure execution layer and consensus layer (Public Network/Ledger)

# Thank you

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