Is the future of currency/finance digital?

- **Resistant to Fraud** -- cryptocurrencies cannot be counterfeited and payments cannot be altered
- **No intermediaries** -- transactions are peer to peer and immediate.
- **Accessible to the Unbanked**
- **Decentralization** -- the blockchain is managed by a global network rather than one central authority.
Is Bitcoin *actually* a currency?
What seems to be missing?

- Any currency has three fundamental functions:
  - a store of value
  - a medium of exchange
  - a unit of account

Bitcoin is arguably only a store of value (or investment vehicle)
Stablecoin

The stablecoin is a digital currency with low price volatility because the price of the stablecoin closely tracks the price of a fiat currency as in Dai/$. 

Maker’s stablecoin is called Dai

- Dai - transliterates to lend in Chinese
New methods are being invented

Types of Stablecoins

○ Centralized “IOU” - Requires trusting a company with your assets...Tether
○ Seigniorage Shares - algorithmically expands and contracts the supply...Basis
○ Decentralized Collateral Backed - MakerDAO and Dai Stablecoin System
What is MakerDAO?
A Platform For Stability
1 DAI = $1
How Does Dai Work?
Imagine the gold standard but with any asset
Two Types of Users

Stability Seekers (basic) vs Risk Seekers (advanced)
Collateralized Debt Position (CDP)

- Borrow Dai through locking up collateral
- Repay Dai + fee to retrieve collateral
Analogous To A Mortgage

• Borrow money with a mortgage from the bank
• Repay debt + interest to “retrieve” the house
Global Decentralized Credit System
Decentralized Margin Trading
Liquidations

- CDP is automatically margin called if the collateral falls too low
- CDP owner receives the leftover collateral
Black Swan Event

So-called “black swan” events are highly unlikely to happen but would have severe consequences if they did.

At current average collateralization:

Crashing 70% instantly

or

80-85% over 8 hours
Diversification

Non-correlated collateral

High liquidity
MKR

- “Highest risk, highest reward”
- Manages risk
- Finances bailouts
- Earns income
Simplified Diagram of the System

- First layer guarantee
- Second layer guarantee
- Stability fee
- Parameter Management
Where Are We Now?
Dai Is Live!
What’s Next?
Multi-Collateral Dai
The Stable Fund / Integrations
Better ICO: DAICO

Explanation of DAICOs

The following is a quick exposition of an idea I had for improving the ICO model by merging in some of the benefits of DAOs, but doing so in a way that minimizes complexity and risk.

- Leverages wisdom of crowds
- Does not fully trust single centralized team
- Funding can be spread over time

- Based around single project
- No 51% attack risk

Source: https://ethresear.ch/t/explanation-of-daicos/465
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