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Decentralized Financial Novice? Here Are Some Tips For You

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As the global adoption of [cryptocurrency](#) continues to accelerate, decentralized finance, or what we call DeFi, has attracted extensive attention from investors.

But What is DeFi and Why do We Hear So Much About it These Days?

DeFi is a general term for financial products and services, which can be used by anyone with an Internet connection. The goal of DeFi is to eliminate third parties involved in all financial transactions and create a new financial system completely independent of the traditional financial economy.

In the past year, DeFi has really taken off. The total value of lock-in – the total value of assets deposited in transactions – has increased from \$700 million in December 2019 to more than \$200 billion in early 2022, equivalent to Greece’s GDP in 2017. That’s why you probably heard about DeFi last year. It has become an important industry and is happening fast.

Now, if you want to invest in DeFi, here are some tips for you. Let’s take a closer look.



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Invest in Cryptocurrencies With Large Market Capitalization

According to coingecko, there are more than 13000 different cryptocurrencies. Most of these projects are unlikely to succeed. There is sometimes a risk that their start-ups will disappear overnight.

But if you want to be safe, invest in cryptocurrencies with large market value, such as bitcoin, which continues to hold the largest market value. Most cryptocurrencies with large market value have existed for some time and have withstood the test of time.

Decentralized Finance. Practicality is the Key

A series of cryptocurrency projects are carrying out promising entrepreneurship, which may subvert the financial technology industry. Therefore, when I evaluate the value of a cryptocurrency project, I look at its utility. In other words, I ask myself, "what real-world problems does this project solve?"

The utility of bitcoin is obvious - it is to become a truly decentralized digital currency. It has no foundation, no company, and no one controls the agreement. Although its utility is obvious, the utility of bitcoin is now more as the reserve currency of the Internet, and may even be the world's reserve currency one day.

Due to the vigorous development of NFT market, [Ethereum](#) is one of the best cryptocurrencies in terms of utility. Although NFT has played a role in the rapid development of the network, its support for DeFi may also promote its rise. You can easily buy bitcoin and ethercoin on all major cryptocurrency exchanges.

It is important to understand the utility behind the project, but many projects do not have any practical utility. A recent report said that more than half of the top 100 cryptocurrencies by market value have no utility, so please do a good study before investing in tokens other than the top few.



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Earn High Interest With Your Cryptocurrency

The beauty of cryptocurrency is that you can not only enjoy the appreciation brought by holding it, but also earn high returns in a safe, reliable and simple way.

How do you do this? In most major cryptocurrency exchanges, such as block fi, cabital and coinbase, when you buy cryptocurrency with legal currency, you can deposit it into their savings platform, and then you can sit there and earn high interest.

Marking offers cryptocurrency holders a way to use their digital assets for work and earn passive income without selling them. You can think of betting as putting money in a high-yield savings account.

Ethereum (ETH) has become one of the most popular cryptocurrencies on the market - although it itself is not entirely a cryptocurrency. Bet on eth yourself, at least 32 eth are required. Rewards vary, but the return on eth bets is expected to be 5-17% per year.

Decentralized Finance and Stablecoins

When it comes to the mortgage of stable currency, usdt and usdc are considered to be the most appropriate options. One of the main benefits of mortgaging these stable currencies is the interest rate, because you can get an annual interest rate of up to 12%, which enables you to overcome inflation and make profits at the same time.

In addition, it is also safe to bet with usdt and usdc. As its name suggests, these stable currencies are linked to the US dollar, making them less volatile than typical cryptocurrencies. If you are looking for a safer way to bet on cryptocurrency, a stable currency is your choice.

The high interest rate of the stable currency allows you to invest in the world opportunities that are usually open to hedge funds. This finally gives retail investors a once-in-a-lifetime opportunity to invest in projects that were once open only to hedge funds and high net worth individuals.

Cryptocurrency will only grow this year, so the opportunities in the field of DeFi seem almost endless. In order to participate in this new digital revolution, I will pick up some bitcoin, ether and some stable coins and deposit them into the cryptocurrency savings platform of your choice to passively earn high returns.