UniLend

LITE PAPER

Table of contents

Abstract

Existing DeFi solutions have proven the huge demand for decentralized trading, lending and borrowing, but have left the majority of digital assets outside of the DeFi ecosystem. There are over 6000 tokens listed on CoinMarketCap. However, the current DeFi platforms such as Compound, Aave and Maker DAO support less than 30 assets.

There is a huge market opportunity for a protocol that supports a larger number of assets in a decentralized and permission-less way. UniLend is designed to address this untapped market and fuel the blockchain ecosystem by opening up the DeFi space for all tokens

The Problem

Current DeFi platforms act as gatekeepers by determining which assets are allowed to be a part of their pool; thereby barring the majority of assets from participation in the DeFi ecosystem. In fact, the untapped market of Ethereum-based assets in terms of combined market capitalization is larger than the market capitalization of the select few assets which are currently supported for DeFi ($16.7B untapped market compared to $16.58B included in DeFi as of August 2nd, 2020).

Multi-asset pools also expose lenders to risk associated with all of the included assets, with no control over the collaterals against which their funds can be lent. This greatly hinders the ability of lenders to manage risk on their own terms.

Peer-to-peer protocols that are looking to accommodate more tokens are asynchronous platforms with added costs and friction to the lenders and borrowers, making them practically non-viable solutions in terms of gaining meaningful traction.

The Solution : Unilend

UniLend is a permission-less decentralized protocol that combines spot trading services and money markets with lending and borrowing services through smart contracts. The interest rates and collateralization ratio are based on supply, demand, and community governance. Borrowing limits are decided by liquidity in the trading pairs.

UniLend allows both trading & DeFi capabilities to co-exist within the same protocol. This solves the liquidity and liquidation issue which is currently limiting the growth of DeFi adoption to a broader market.

UniLend's protocol allows users to create a spot trading pair and separate money markets for any token. This enables DeFi participants to create their own lending and risk management strategies for lending, borrowing, and spot trading.
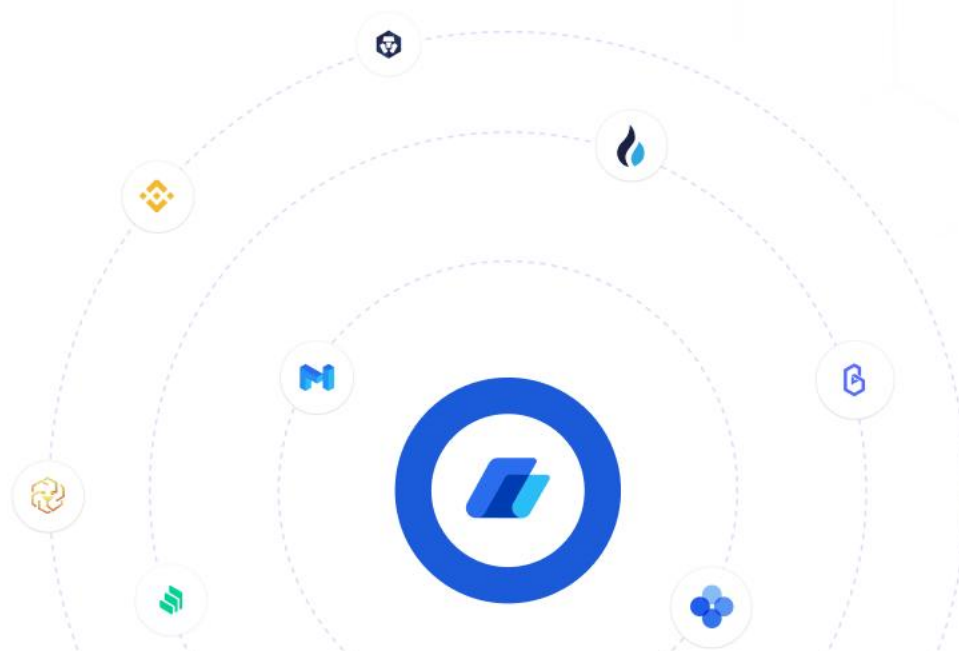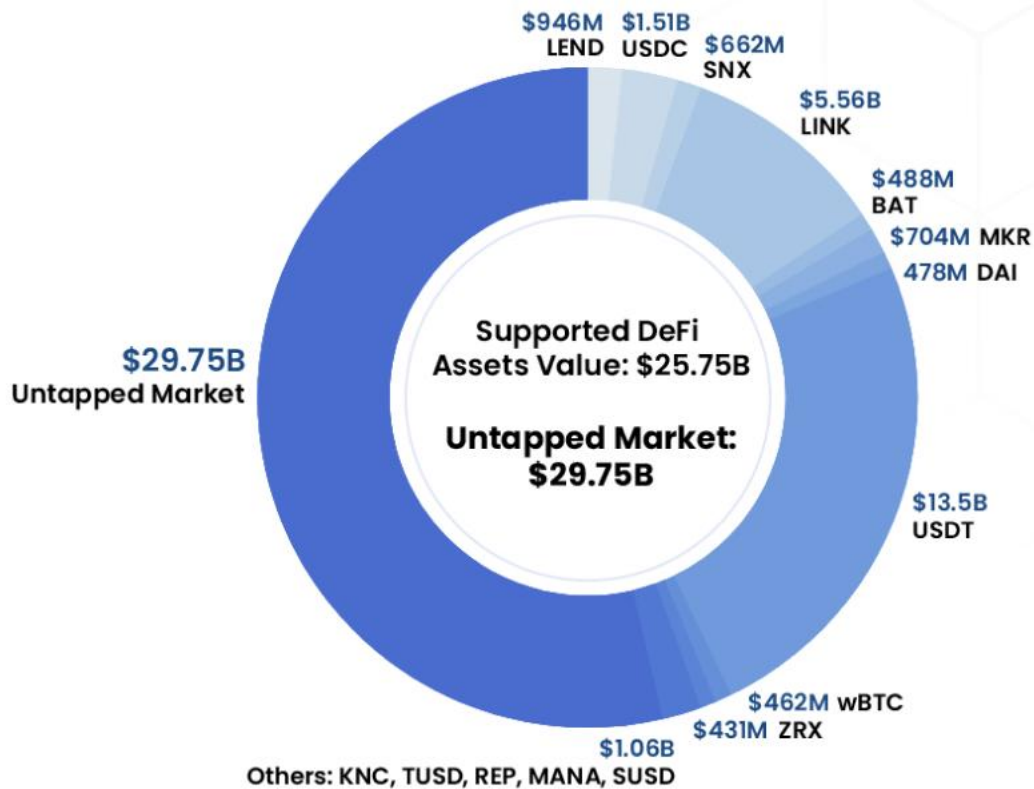
Market opportunity

Of the 6000+ assets listed on CoinMarketCap, the current DeFi platforms such as Compound, Aave and Maker DAO support less than 30 assets. Although these supported assets include ERC20 tokens with some of the highest market capitalizations (such as USDT, LINK, USDC and LEND), the combined market capitalization of unsupported Ethereum assets is greater than the combined market capitalization of supported assets

Supported DeFi Assets Value: $25.75B

Untapped Market: $29.75B

$946M LEND
$1.51B USDC
$662M SNX
$5.56B LINK
$488M BAT
$704M MKR
478M DAI
$29.75B Untapped Market
$13.5B USDT
$462M wBTC
$431M ZRX
$1.06B
Others: KNC, TUSD, REP, MANA, SUSD

A significant number of Ethereum-based assets are excluded from the DeFi ecosystem, with a total value of $29.75B, compared to the $25.75B value of assets included in DeFi (as of September 2nd, 2020). Many of these excluded assets have significant market capitalizations and avid supporter bases (including CRO, BNB, HT, OKB, LEO, MATIC, and many, many more).

In order to boost overall liquidity and user expansion of DeFi, we need to extend asset support through permission-less integrations. There is, therefore, a huge market opportunity for a DeFi protocol that supports a larger number of assets.

UniLend is designed to address this untapped market by opening up the DeFi space for all tokens, including the $29.75B worth of assets currently excluded from DeFi.

Platform Features

Fragmentation and limited functionality of protocols are limiting the growth of the DeFi sector. UniLend solves this by supporting and offering comprehensive functionality for a vast range of digital assets. Here are some of the key elements of UniLend

Permissionless listing

Any ERC20 token would be able to list without any centralized entity/ DAO controlling the process and we're also exploring addition of cross-chain support in the future such as Binance Chain etc.

Lending & borrowing

Users have the capability to unlock their token's functionality for lending to receive an interest rate and for borrowing by paying an interest rate.

Trading

A corresponding trading pair will also operate on UniLend's platform to include decentralized spot trading functionality for platform users.

Governance

The protocol will be governed by its token holders through proposals in order to ensure adjustments to the protocol are made with a majority consensus.

Liquidity

By providing liquidity for asset trading and loans on Unilend's platform, users are able to receive fees in proportion to their liquidity pool stake.

Native Utility Token

The native utility token of UniLend will be UFT, Unilend Finance Token. The token will have multiple use cases for governance, platform utility, and much more.

Seamless user experience

UniLend provides an intuitive and user-friendly interface designed to provide a seamless trading and lending/borrowing experience.

Use cases

Let's use the examples of Alice, Bob, and Charlie to demonstrate the various practical use cases of the UniLend platform.

Trading

Alice holds multiple tokens which she would like to trade for others. One of these tokens isn't yet listed on a centralized exchange. Regardless, Alice would prefer to not have to trust a centralized exchange with her assets and wants to retain custody of her tokens during the trading process. She uses UniLend for secure, decentralized trading.

One of the tokens Alice wants to trade isn't yet listed on UniLend. She lists the token on the platform herself without having to ask permission from any other person or entity.

Lending

Bob wants to capitalize on his holdings by lending them out in return for interest. He uses UniLend to add his assets to pools which will be utilized to provide liquidity for loans and trading on the UniLend platform. In return, he receives fees in proportion to his liquidity pool stake. Bob doesn't have to worry about losing money on a loan, as his assets are secured by smart contracts.

Borrowing

Charlie wants to borrow an asset to take advantage of an opportunity which he has identified in the market. He uses UniLend to secure a loan with a disclosed interest rate by putting up a certain amount of collateral. The interest rate and collateralization ratio are determined by a number of factors including supply, demand, and community governance. Borrowing limits are determined by liquidity in the trading pairs.

Defi protocol comparison

Existing DeFi solutions have proven the huge demand for decentralized trading, lending and borrowing but have left the majority of digital assets outside of the DeFi ecosystem. Furthermore, current protocols offer limited functionality siloed in individual platforms.

Some protocols offer lending and borrowing with a limited set of tokens (such as Maker DAO and Aave) while others offer the freedom to trade any ERC20 assets but neglect the lending and borrowing aspect (Uniswap and Balancer, for example).

UniLend is bridging that gap by combining the decentralization aspect of enabling any ERC20 to be utilized as collateral for lending & borrowing whilst providing the flexibility for users to also trade their assets in-platform.

	UniLend	UNISWAP	Compound	bZx	AAVE	Balancer	MAKER
Supporting Any Asset	✓	✓	✗	✗	✗	✓	✗
Lending/Borrowing	✓	✗	✓	✓	✓	✗	✓
Spot Trading	✓	✓	✗	✗	✗	✓	✗
Governance Model	✓	✗	✓	✓	✗	✓	✓
Tokenization of Assets	✓	✗	✓	✗	✓	✗	✗

Ultimately, UniLend is designed to unlock the full potential of digital assets for their owners.

UFT token utility

The native digital cryptographically-secured utility token of the UniLend platform, UniLend Finance Token (UFT) is a transferable representation of attributed functions specified in the protocol/code of the UniLend platform, which is designed to play a major role in the functioning of the UniLend platform and is intended to be used solely as the primary utility token on the platform. Essentially, UFT is the native governance token of the UniLend platform.

UFT is a non-refundable functional utility token which will be used as the medium of exchange between participants on the UniLend platform. The goal of introducing UFT is to provide a convenient and secure mode of payment and settlement between participants who interact within the ecosystem on the UniLend platform, and it is not, and is not intended to be, a medium of exchange accepted by the public (or a section of the public) as payment for goods or services or for the discharge of a debt; nor is it designed or intended to be used by any person as payment for any goods or services whatsoever that are not exclusively provided by the issuer. UFT does not in any way represent any shareholding, participation, right, title, or interest in the company, the distributor, their respective affiliates, or any other company, enterprise or undertaking, nor will UFT entitle token holders to any promise of fees, dividends, revenue, profits or investment returns, and are not intended to constitute securities in Singapore or any relevant jurisdiction. UFT may only be utilised on the UniLend platform, and ownership of UFT carries no rights, express or implied, other than the right to use UFT as a means to enable community governance of the UniLend platform.

UFT also provides economic incentives to encourage participants to contribute and maintain the ecosystem on the UniLend platform. The token model is designed to uphold the core aspect of decentralization of the protocol by encouraging participation in return for governance rights.

UFT token carries multiple layers of utility to achieve this. UFT is an integral and indispensable part of the UniLend platform, because without UFT, there would be no incentive for users to expend resources to participate in activities or provide services for the benefit of the entire ecosystem on the UniLend platform. Users of the UniLend platform and/or holders of UFT which do not actively participate will not receive any UFT incentives.

In particular, it is highlighted that UFT:

(a) does not have any tangible or physical manifestation, and does not have any intrinsic value (nor does any person make any representation or give any commitment as to its value);

(b) is non-refundable and cannot be exchanged for cash (or its equivalent value in any other virtual currency) or any payment obligation by the company, the distributor or any of their respective affiliates;

(c) does not represent or confer on the token holder any right of any form with respect to the company, the distributor (or any of their respective affiliates), or its revenues or assets, including without limitation any right to receive future dividends, revenue, shares, ownership right or stake, share or security, any voting, distribution, redemption, liquidation, proprietary (including all forms of intellectual property or licence rights), right to receive accounts, financial statements or other financial data, the right to requisition or participate in shareholder meetings, the right to nominate a director, or other financial or legal rights or equivalent rights, or intellectual property rights or any other form of participation in or relating to the UniLend platform, the company, the distributor and/or their service providers;

(d) is not intended to represent any rights under a contract for differences or under any other contract the purpose or pretended purpose of which is to secure a profit or avoid a loss;

(e) is not intended to be a representation of money (including electronic money), security, commodity, bond, debt instrument, unit in a collective investment scheme or any other kind of financial instrument or investmen;

(f) is not a loan to the company, the distributor or any of their respective affiliates, is not intended to represent a debt owed by the company, the distributor or any of their respective affiliates, and there is no expectation of profit; and

(g) does not provide the token holder with any ownership or other interest in the company, the distributor or any of their respective affiliates.

The contributions from the token sale will be held by the distributor (or their respective affiliate) after the token sale, and contributors will have no economic or legal right over, or beneficial interest in, these contributions or the assets of that entity after the token sale.

To the extent a secondary market or exchange for trading UFT does develop, it would be run and operated wholly independently of the company, the distributor, the sale of UFT and the UniLend platform. Neither the company nor the distributor will create such secondary markets nor will either entity act as an exchange for UFT.

Governance

UFT token is used to facilitate governance of the UniLend protocol. Holders of UFT will be able to vote on a number of factors relating to the proper functioning of the protocol, such as the collateralization ratio for specific assets, addition of base pairs etc. These will be voted on and decided by UFT holders via proposals which require majority consensus to be implemented. For the avoidance of doubt, the right to vote is restricted solely to voting on features of the UniLend platform; the right to vote does not entitle UFT holders to vote on the operation and management of the company, the distributor or their respective affiliates, or their assets, and does not constitute any equity interest in any of the aforementioned entities.

Liquidity mining

Liquidity providers are a key component in ensuring the sustainability of a decentralized finance protocol by facilitating liquidity within the protocol. As stakeholders and maintainers of the UniLend protocol, liquidity providers will be rewarded for their services with governance rights in the form of UFT tokens, in addition to a percentage of trading and borrowing fees.

User participation incentives

Platform users are the lifeblood of any DeFi product. In a system which aims for maximum decentralization, distributing governance power to the users is crucial. Therefore, ecosystem participants who use UniLend for lending, borrowing or trading will be rewarded for participation with UFT tokens to encourage not only use of the platform's services, but also to facilitate distributed governance.

Disrupting DeFi

UniLend protocol is working to create a new niche in the market which has been neglected and untapped by current solutions in the DeFi space. We believe our efforts will create a level playing field in the market by enabling every token to be a part of the growing DeFi ecosystem.