Author: Joseph Lubin

Stewart Brand famously said at a Hackers conference in 1984, "Information wants to be free." While he meant "free" in terms of cost, the idea also applies to the movement of information through physical space and across social groups: the Internet enables information to flow better across the planet. The initializing blockchain use case of Bitcoin proved that value, like information, can now move freely across borders, through databases and digital infrastructures.

Ethereum makes digital money highly programmable, enabling distributed users to execute code in the form of smart contracts. Beyond speculation and storage of value, Ethereum enables many aspects of traditional finance to run on open networks, with on- and off-ramps to allow greater interoperability with fiat currencies, other cryptocurrencies, and traditional assets.

Just over four years after Ethereum launched, major markets, major governments, and major banks are all part of the experiment: over a trillion dollars' worth of transactions have settled on Ethereum. Two years ago, there was practically no such thing as open decentralized finance (DeFi), or the manufacturing of financial instruments using open blockchains. In that short time, we have seen a host of open, permissionless financial tools not just emerge, but explode on Ethereum. These systems make the existing financial system more potentially accessible by way of open protocols and transparent data.

From payments and commerce, to banking and lending, to capital markets, to managing investments, to insurance and asset tokenization, DeFi has begun to reach into every major area of the global financial infrastructure. Today there is just under $700 million invested or staked in the DeFi ecosystem, which has generated over $50 million in premium. The number of new addresses grew 1,589% in Q2 of 2019 alone.[1]

A particularly exciting area of DeFi growth in 2019 was the diverse stablecoin space. This past year saw the announcement of Facebook's Libra and JPMorgan Coin, while the projects with major traction like Tether and DAI gained further momentum – their combined market cap is over $5 billion as of this writing, more than double what they were a year ago. Signature Bank's Signet and Wells Fargo's stablecoin both saw great user adoption in 2019, as did the Gemini dollar and Coinbase's USDC. The transactional growth of just Ethereum-based stablecoins quarter over quarter is greater than that of PayPal's Venmo.[2]

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The wide variety of stablecoins on Ethereum are making the network increasingly functional as a fiat payment platform, as discussed by Omid Malekan in a recent article titled "The Speculative Case for $1000 ETH."[3] A user has multiple protocol options to choose from, none of which charge more than a few cents in fees, unlike virtually every legacy payment option, which can cost retailers several percentage points of their revenue. When we consider that the combined market cap of legacy payment providers today is over a trillion dollars, it's not hard to imagine that Ethereum-based options that make payments easier and cheaper could start to gather considerable momentum.

[1] https://reports.credmark.com/TheCryptoCreditReport-q3-2019.pdf
[2] https://www.newsbtc.com/2019/07/31/ethereum-stablecoins-post-better-quarterly-growths-than-venmo/
[3] https://medium.com/@omid.malekan/the-speculative-case-for-1000-eth-if-ethereum-is-valued-as-a-fiat-payment-fintech-platform-7024549998a3