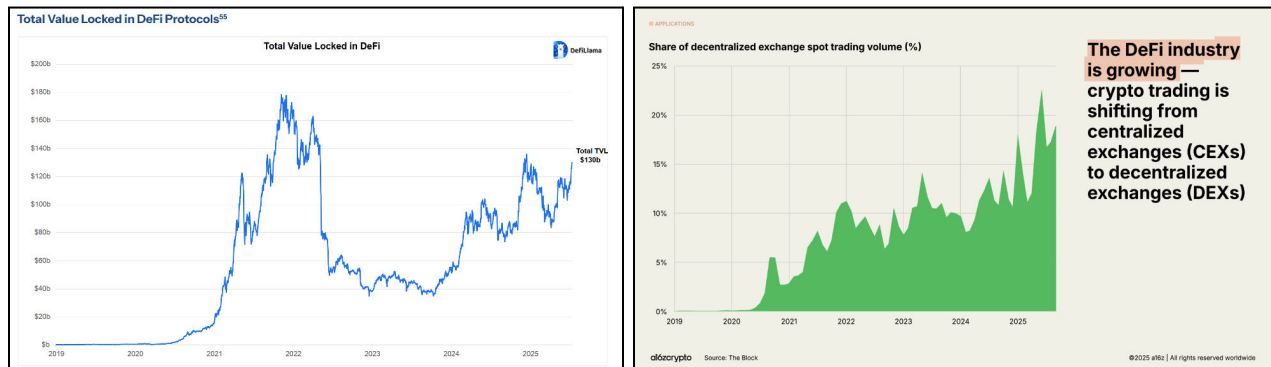


DeFi Use-Cases: How DeFi is Revolutionizing Finance

DeFi Market Overview

Decentralized Finance (DeFi) is a financial system built on public blockchains that allows people to engage in self-directed, peer-to-peer financial transactions without relying on intermediaries and while maintaining custody and control over their own assets.

The [President's Working Group \(PWG\) Report](#) published in July 2025 expressly highlights the growth of DeFi in the digital asset system, and the rapid growth of decentralized exchanges (DEXs) as one of the most popular DeFi applications. The "[State of Crypto 2025](#)" [crypto market report](#), published by a16z crypto, also noted such development—"Nearly one-fifth of all spot trading volume now happens on decentralized exchanges... With volumes up nearly 8x in the last year, perpetual futures have exploded among crypto speculators. Onchain perps exchanges... generated more than \$1 billion in annualized revenue this year—numbers that rival some centralized exchanges."



Left: The number of DeFi protocols and services is expanding, reaching \$130b in total value locked. (Source: [PWG Report](#); [DeFiLlama](#))
Right: The DeFi industry sees a significant growth in trading volume. (Source: [a16zcrypto](#))

DeFi Use Cases

DeFi is revolutionizing various sectors by creating new opportunities for people to access financial services without relying on traditional financial intermediaries. The DeFi ecosystem enables instant, permissionless access to a variety of financial services for anyone with an internet connection and a crypto wallet.

1. Decentralized Exchanges (DEXs)

Spot & Swap Trading Markets [Market examples: *Uniswap, Curve.*]

DEXs allow users to trade crypto directly from their wallets, on a P2P basis, eliminating the need for centralized intermediaries, ensuring greater security, wider global accessibility, lower fees, and 24/7 trading. DEXs are widely used—as of [November 10, 2025](#), Uniswap protocol has processed around \$4 trillion in volume.



Onchain Derivatives & Perpetual Futures [Market examples: *Hyperliquid, dYdX.*]

Beyond spot markets, DEXs provide a wide variety of products including options, derivatives, and perpetual futures, thereby enabling leverage, hedging, and continuous price discovery without centralized clearing houses. As of November 11, 2025, Hyperliquid has [processed](#) over \$3 trillion in perpetual futures volume.



2. Liquidity Providing & Yield Earning

In DeFi, people can earn passive income by providing liquidity to decentralized liquidity pools and receiving liquidity provider (LP) tokens in return. Using [Uniswap](#) as an example, anyone can deposit assets—such as ETH and USDC—into a liquidity pool. In return, they receive LP tokens, which represent their share of the pool. Each time traders use that pool to swap assets, a small transaction fee is collected and automatically distributed to LP token holders. When users withdraw their funds, they receive their original assets along with any trading fees earned.

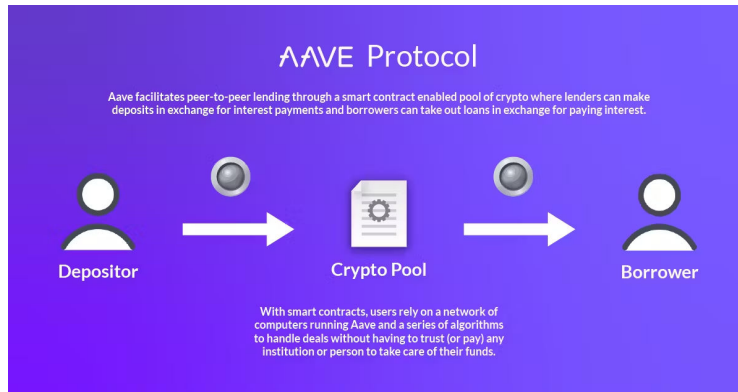
3. Staking

Staking is the process by which users commit their crypto assets to help secure and validate transactions in a blockchain network. Stakers can do so solo, where they run their own validator nodes and retain full control of their assets, or through service providers who do this for them, such as Lido, Coinbase, or Rocket Pool. By staking, participants earn rewards for helping to secure the network. Staking is critical for blockchains because it enables trustless validation.

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4. Borrowing & Lending

In DeFi, users can lend and borrow assets without fear of centralized gatekeepers. Borrowing protocols typically require overcollateralization, meaning that borrowers must provide collateral worth more than the amount they borrow. This ensures protocols remain solvent and resistant to default risk. On the other side, lenders can supply their assets to liquidity pools and earn interest in return. *For example, [Aave](#), one of the biggest market participants in this space, has seen over \$3.2 trillion in deposits flow through the protocol as of October 2025.*



Use Aave as an example to see how borrowing & lending protocols work. (Source: [Coinflip](#))

5. Stablecoins & Payments

Stablecoins can serve as a bridge between volatile cryptocurrencies and fiat currencies by maintaining a stable value and act as a medium of exchange onchain. By converting USD into stablecoins—such as USDC or USDT—although the value remains the same, users move the money onchain, enabling instant, low-cost, and borderless transfers through blockchain networks without relying on centralized intermediaries.

6. Governance and Decentralized Autonomous Organizations (DAOs)

DeFi projects can distribute governance tokens, as a type of cryptocurrency that provides holders with voting powers. This democratizes the decision-making process in DeFi, giving power to users within decentralized communities.

DeFi User Profiles

DeFi serves a wide range of users across different backgrounds and needs. Broadly, these users include:

Traders: Trading in the DeFi and broader crypto space removes the need for intermediaries and gives people much more autonomy over finances and time management.

Governance Participants: People can use governance tokens and DeFi ecosystems to vote on governance issues, aiming for a transparent and fair system.

Financially Underserved Communities: DeFi systems can serve as a gateway for people who lack access to traditional financial infrastructures or instruments due to the geographic or economic barriers, helping them earn income, build assets, and gain more financial knowledge.

Innovators: Artists, educators, and content creators use DeFi technologies to showcase their work globally, redefine digital ownership, and connect directly with communities to share educational or cultural value.

[Real-world stories](#) shared by the National Cryptocurrency Association highlight how crypto technologies have genuinely improved people's life and expanded economic opportunity for a diverse range of users. For example:

- A contractor uses crypto to have more financial self-control and spend more time with his family.
- A single mother from TX uses crypto to rebuild her finances and create a better life for herself and her children.
- A farmer uses DeFi technology to track livestock health data and demonstrate the quality of his produce.
- A gamer uses DeFi technology to achieve true ownership of in-game items and build a self-managed collection.
- An educator uses crypto as a bridge to connect and bring technological knowledge to diverse communities.
- A content creator uses crypto payments to pay editors quickly and flexibly, keeping up with the creative workflow.
- An artist uses DeFi technology to show her work and promote the value behind the creations to a global audience.