

Yield App CEO: DeFi is dead; long live DeFi



Yield App CEO Tim Frost says the slump witnessed in the decentralised finance (DeFi) token market points to the ‘death’ of DeFi.

But this is actually a good thing to have happened, he notes, highlighting recent price reactions to the exit of two iconic DeFi developers from the sector as the watershed moment the industry needed.

DeFi is dead but ‘long live DeFi’

Earlier this week, DeFi tokens Fantom (FTM) and Yearn.finance (YFI) plummeted double figures before swiftly recovering following news that popular developers Andre Cronje and Anton Nell were exiting the crypto space entirely.

Projects such as Multichain and Solidly, also saw the values of their respective tokens tank big time. And as the markets reacted, some analysts called Cronje and Nell’s exits as the beginning of the end for projects highly associated with them.

But while FTM and YFI highlighted the dump this week, speculation has indeed seen the prices of many tokens fall “off a cliff,” Frost noted in emailed comments.

The rot includes a wider sell-off across digital assets, with most first-generation DeFi “*blue chips*” losing up to 80% of their values since mid-2021.

And that’s where we find projects like Uniswap (UNI), Aave (AAVE), MakerDAO (MKR) and Compound (COMP), he added.

So what does the Yield App founder say about the price declines across DeFi and the duo’s exits?

“*The departure of two of DeFi’s most famous founders Andre Cronje and Anton Nell of the Fantom Foundation from the sector this week marked a turning point for decentralised finance and perhaps digital assets at large.*” Frost told Invezz.

Explaining his comment further, Frost added:

“*Focus has shifted from token speculation to the actual utility of DeFi. As these tokens have tumbled, total value locked in the sector has increased from \$53 billion in March 2021 to more than \$203 billion today – growth of 291%. DeFi has, arguably, become what it was meant to be: a place for people to generate long-term wealth.*”

According to the asset manager, the “death” of DeFi tokens has seen speculation shift, with NFTs and the metaverse currently proving the “spicier” attractions.

With speculation focused on NFTs, is this better for DeFi?

Frost says yes and notes that with speculation focused elsewhere, “serious platforms and their customers” have a chance to build afresh. This could be the opportunity for a new financial ecosystem.

“*In crypto, even more than other parts of the global economy, people are always looking for the next best thing. So anyone declaring DeFi’s death because token prices are no longer mooning, is entirely missing the point.*”

Frost’s view on exploring and adopting the best practices of TradFi is simple- prove consumers have the protections they currently don’t have around crypto ecosystems. Also important is the need to employ best practices without waiting for regulatory frameworks.

“*Top-class security systems are not enough, CeFi and DeFi platforms need to prove they have the assets they say they do,*” he concluded.

Yield App is a digital asset wealth management platform with over \$500 million in assets under management. It is powered by YLD, a utility token users can leverage to earn up to 12% in annual interest.

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