HBS
PLATFORM

WHITE PAPER

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THE AGE OF DeFi

Ever since the rise of Bitcoin, the world has revived its interest in the concept of "decentralisation". The concept per se is not new, but its usage in finance-related domains are indeed contemporary. It is widely, and rightfully, hailed as the solution for trust issues in multi-party collaborative settings. In fact, as we steadily stride towards a decentralized world, it has been ever more evident how flawed the incumbent system has been.

The ICO (or Initial Coin Offering) boom in 2017 was a great demonstration of how the decentralisation concept, embodied by a set of smart contracts, transformed the fundraising pipeline. Lots of promises, rises, and pitfalls later, another rising star, Decentralised Finance (DeFi), is posed to overtake the fintech world.

As the name already suggests, DeFi refers to the ecosystem of financial applications that are being implemented and provisioned on top of autonomous smart-contract systems. DeFi advocates the use of decentralized networks and open source software to serve a wide host of financial services and products. The decentralised networks are assumed to be transparent and trustless, thereby providing a robust framework for financial applications. At this time of writing, the most prominent functions of DeFi include:

- Monetary banking services (e.g., issuance of stablecoins or other crypto assets)
- Peer-to-peer or pooled lending/borrowing hubs
- Advanced financial instruments such as Decentralised EXchange, tokenization platforms, derivatives and predictions markets

DeFi is believed to offer numerous benefits in comparison to traditional financial services. By August 2020, it is estimated that no less than $6 billion worth of crypto assets are locked in DeFi, indicating the magnitude of the rather newborn notion. As impressive as this figure is, there remains an enormous room for growth, with the value locked figure is likely to continue to increase as yield farming and other forms of lending gain traction.

THE CHALLENGES

Besides the many interesting features and promises (or hype) DeFi has to offer, there remain a number of challenges that need resolving. We outline in this section three major issues, namely Liquidity, Scalability, and Interoperability.

A. Liquidity

As with the ICO boom, we are witnessing an ever increasing number of crypto assets or tokens being issued in the name of DeFi. It is an unfortunate fact that a number of these tokens are not backed with realistic use cases, and carefully planned financing models. Once the hype has come to pass, liquidity and insolvency issues will start to emerge. Thus, in order for a DeFi service or project to come to lasting fruition, its token or otherwise issued crypto assets need to remain liquidable regardless of market cycles.
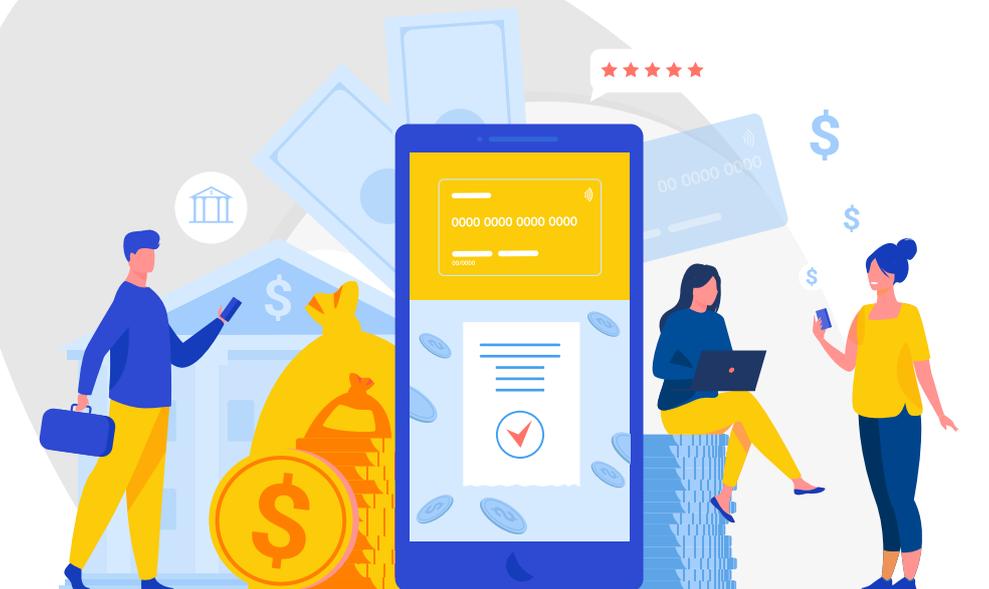

B. Scalability

While the concept of DeFi itself does not limit the platform on which the services are operated, most DeFi services are now being provisioned on the Ethereum network, due to its dominance. Nonetheless, the rapid expansion of DeFi has posed a serious stress on the network's capacity. Transaction fee and network latency are at their highest. With DeFi proliferation in the horizon, addressing scalability issues is a dire necessity.

While layer 2 scaling proposals have already been deployed, much improvement remains needed.

C. Interoperability

While blockchains represent a decentralized yet connected world, individual blockchain platforms, to date, remain in silo. They are not inherently communicable to one another. Consequently, protocols, services and or institutions leveraging these different blockchain platforms operate in segregation, which prevents them from reaping the full potential of the technology. A number of cross-chain solutions have been explored, but they are far from attaining mass adoption.
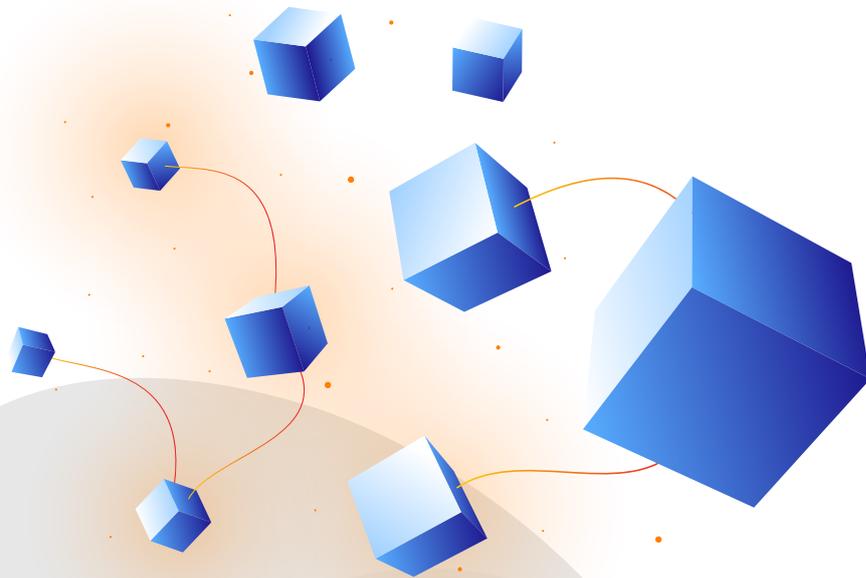
HBS'S VISION

In view of the aforementioned challenges hindering the rise of DeFi, we align our business development with resolving those barriers. To this end, we center our activities around the following three key pillars.

A. Liquidity Provider

We shall position ourselves as a liquidity provider for DeFi tokens. It is worth noting that we are not placing our liquidity pool on any centralised exchange, but rather tap onto decentralised counterparts. More specifically, we shall initially put our resources onto Tron's recently announced JustSwap[1]. This new initiative from Tron enables TRC-20 token holders to exchange their crypto assets with near infinite liquidity, and us (as a liquidity provider) to earn trading fees. The fee is currently set as 0.3% of the transacting volume. We expect this to be a healthy source of revenue for our research and development activities, while at the same time we could contribute our bits to the development of DeFi ecosystems.

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(1) We have plans to participate in liquidity pools of other DEXes on other blockchain platforms. The choices of DEXes and their respective resource allocations shall be subject to a decentralised governance, which we will elaborate in the following.

B. Non - ETH DeFi

We seek to develop and provision DeFi services on high-performance blockchain systems besides Ethereum. On the one hand, this will address the scalability issues of Ethereum-based DeFi services. On the other hand, it further diversifies the DeFi ecosystem as a whole, which is in and of itself an embodiment of the decentralisation concept.

C. Cross-chain Bridges

We remark that our second pillar is not to compete against Ethereum-based DeFi services, but rather complement them. Nonetheless, it would not be of much help if our services remain siloed. Therefore, our third pillar focuses on improving the interoperability of different blockchain platforms, and by its extensions, services inhabiting them. In other words, we shall implement cross-chain bridges that allow DeFi services across blockchain platforms to connect and interoperate.

THE HBSTOKEN

Each blockchain platform has its own native token. Such tokens serve as units of payment for the transaction fee incurred on the respective blockchain. Besides, they may also be designated as rewards for network participants who contribute to upholding the integrity, security and availability of the blockchains.

In operating DeFi services across blockchains, we need to pay participants of each platform in its native token (e.g., ETH for Ethereum miners, TRX for Tron's super representative, etc). Nevertheless, requiring users to pay fees

in different tokens is rather cumbersome, defeating the very purpose of blockchain interoperability. In view of this, we are designing a HBSToken that serves as a unified means of payment for all HBS services, regardless of the underlying blockchain system on which the services operate. More importantly, HBSToken shall also be used as a measure for decentralised governance, which enables HBSToken holders to have their say in the configurations of HBS ecosystem.

A. Unified Means of Payment

HBS DeFi services and cross-chain bridges shall initially operate on three major blockchains, namely Ethereum, Tron and EOS. Other blockchains like Binance, Cardano, Zilliqa, or Tomo shall be incorporated at a later time, if substantial demands present. On each of the underlying blockchain, HBS provisions a set of smart contracts (or chaincode) that serve as Rendezvous Points (RPs). These RPs will handle the service initiating, transaction posting, and fee payment on users' behalf via the corresponding native language and token. Users only need to interact with the HBS interface and pay fees in HBSToken. In another word, HBSToken serves as a unified means of payment for all HBS services across blockchains.

B. Governance

Recall that the first pillar of HBS is to serve as liquidity providers. The job of liquidity providers involve choosing target tokens/crypto assets to support, determining exchange rates, and rebalancing. Different resource allocations yield different returns. As we embrace decentralization and transparency, we will leave these decisions to our HBSToken holders, who are essentially shareholders of the HBS ecosystem. More specifically, HBSToken holders may propose their own resource allocation, vote for other's proposal, and receive rewards based on the efficacy and profits yielded by their proposals and/or votes.

We details token specific of the HBSToken in the following:
- Token Standard: TRC20
- Total Supply: 100,000,000
- Token Allocation:
    • 20% for AirDrop in phases.
    • 10% for Governance Reward, locked till the launch of Decentralised Governance Protocol.
    • 30% for R&D expenses, locked in the first 6 months.
    • 20% for Marketing, Legal and operating fees, locked in the first 6 months.
    • 20% for HBS Team, locked in the first 6 months, subsequently vetted over 18 months.

TEAM

MARCUS - CEO

Former Financial Analyst and Economist. Founder of a Fintech startup. He is a dynamic, diligent and independent individual who has experience working in both the civil service and the private sector. Marcus was involved in the day to day operations of PUB as well as lead teams to grow the Singapore water industry through interactions with Singapore companies, foreign governments seeking water solutions as well as funding partners like WB, ADB, etc.

ELIAS BUSER - ENGINEER LEAD

Seasoned full stack engineer in both Solidity and Java. He has been working intensively on a broad range of decentralised applications, championing the notion of transparency and security in finance-related services. Elias is now leading HBS in building scalable Decentralised Finance Services.

JONAS HARTMANN - STRATEGY LEAD

Experienced crypto startup advisor. Being a former attorney, Jonas is a strong advocator of regulated emergent markets. He has lent his expertise to a number of cryptocurrency related startups, which all benefit tremendously from his insights. Jonas serves as a main architect behind HBS business development, aiming to contribute to the DeFi ecosystem while earning profit in the process.