

DeFi Superstar #1: The Great DeFi Money Saver

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 | weiss crypto

Ethereum is the world's first and biggest smart-contract blockchain.

It's overwhelmingly popular.

It dominates in the world of decentralized finance (DeFi).

And DeFi, as measured by its Total Value Locked (TVL), has grown from less than \$1 billion just a year ago to over \$71.5 billion right now.

But there's one fly in the ointment: Ethereum is sometimes a victim of its own success.

When the market is hot, transaction volumes overload the network, slowing processing speeds. And as more investors and users pile in, network fees become more expensive, which can sometimes make it harder for Ethereum to live up to its global promise.

This is why I believe one crypto in particular has so much profit potential for investors.

It runs scaling solutions on top of Ethereum (called a "Layer-2" or "L2" solution).

And it allows Ethereum to scale far beyond anything that its current proof-of-work blockchain can do. I'm talking about ...

Polygon (MATIC)

Just look at what Polygon (**MATIC**) can do ...

- Network fees on Polygon run only 1/1,000th of a cent per transaction. That's compared to \$10, \$25 or even \$50 on Ethereum when its network is busy.
- Polygon can process a transaction in about two seconds — compared to minutes (and sometime much more) on Ethereum, depending on how congested the network is.
- It is easily customizable and upgradeable.
- Developers love it. Anyone who knows Ethereum protocols already knows pretty much everything they need to work with Polygon.

- Users also love it. It's fully compatible with popular Ethereum tools (such as MetaMask wallet, MyCrypto wallet manager, etc.). So, any application or user comfortable with Ethereum should be able to move over to Polygon with no hassle.
- Polygon's core developer team and technical advisors include many of the best and most famous Ethereum developers, even some of its founders.
- It is open-source and built by decentralized contributors from all over the world, ensuring the security of a public blockchain. And high security is an absolute prerequisite for DeFi apps that routinely handle billions of dollars in user funds.

For the record, there are other Layer-2 scaling solutions besides Polygon. But none of them can match all its benefits, including network effect and adoption.

How Polygon Measures Up to Competition

	Sidechains	Sharding	Quorum	Cosmos	Polkadot	Polygon
Ethereum Compatibility	● ▲	● ▲	●	● ▲		●
Scalability	●	● ▲	●	●	● ▲	●
Security		●			●	●
Sovereignty	●		●	●	●	●
Interoperability		●		● ▲	● ▲	●
User Experience	●		●	●	●	●
Developer Experience		● ▲				●

▲ Conditional / Limited

As you can see from the chart above, Polygon compares favorably to other projects in this space ...

- Developer experience with Polygon is better than with **Polkadot (DOT)**.
- Polygon has higher security than other side chains.

- Polygon is more interoperable than Quorum.
- And it has better user experience and sovereignty to sharding.

A Roaring Success So Far

This unique constellation of benefits and advantages has enabled Polygon to very quickly capture a large and growing share of the DeFi world.

Since the project went live in 2020, 53,000+ of distributed applications (DApps) in DeFi have jumped on the Polygon bandwagon.

These include **Aave (AAVE)**, one of the biggest DeFi money markets on Ethereum.

It also includes **Curve (CRV)** and **Sushiswap (SUSHI)**, two of Ethereum's leading decentralized exchanges (DEXs).

Earning Yield on Your Investment

A growing trend in the broad crypto markets is staking. In short, you buy a crypto asset and set it aside to become an active validator for the network. In return, you receive a interest as payment.

The yield varies depending on the amount of MATIC, Polygon's native token, that's actively staked. At the time of writing, it's 5%.

For comparison, the U.S. 10-year Treasury yield is sitting at 3.6%.

But staking, as a way of securing the network, is not the only utility of Matic, MATIC is the currency used to pay transaction fees on the Polygon network.

So ... What Exactly is MATIC?

It's Polygon's native coin. It's used to make "gas" payments or fees to settle network charges on every transaction over Polygon's network. (Just as ETH is required to pay Ethereum's network charges.)

Indeed, the main difference between ETH and MATIC going forward will be that as the industry grows, Ethereum will probably be used more and more as the settlement layer, instead of the execution layer.

That means regular users like you and I will likely be using ETH less frequently to pay for DeFi transactions.

Meanwhile, the “execution layer” of Ethereum will eventually move over to Layer-2 solutions like Polygon. Because only they have what it takes to accommodate billions of people’s transactions worldwide — virtually free of cost and at near instant speeds.

Will Polygon Replace Ethereum?

No.

Never think of Polygon as a parasite that sucks business away from Ethereum. Quite to the contrary, it’s a like a symbiotic partner that enhances the opportunities for Ethereum owners.

Indeed, Polygon may well turn out to be the vehicle through which Ethereum solidifies its position as the backbone of the future internet — a decentralized internet of blockchains, sometimes called “Web 3.0.”

How High Can MATIC Go?

Right now, you have an opportunity to invest in this cutting-edge solution that could help transform Ethereum from a crypto-only network into a broader, global powerhouse in the digital financial system of the future.

Due to its utility and sheer potential, I fully expect to see Polygon claim grow its market cap multiple times. In the most recent cycle, MATIC hit a new high just under \$3. It’s fallen since then with the broad market, but we expect it to lead the “Ethereum alternatives” when the next cycle comes around.

How to Buy MATIC

You can buy MATIC directly via a cryptocurrency exchange such as Kraken (or Binance.com, if you’re outside the United States).

As always, though, knowing what to buy is only part of any investing strategy. Knowing when to buy is just as important.

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