# Article information:

Nascent.xyz | Why DeFi is Broken and How to Fix It, Pt 1: Oracle-Free Protocols  
<https://www.nascent.xyz/idea/why-defi-is-broken-and-how-to-fix-it-pt-1-oracle-free-protocols>

# Article summary:

1. DeFi protocols need to be fundamentally rethought and redesigned for mainstream adoption due to the frequency and severity of exploits.

2. Oracle-free protocols, which allow users to bring their own oracle, offer a more robust and secure architecture for DeFi.

3. Immutable primitives with zero external dependencies, such as Uniswap v1, are a promising concept for building secure DeFi protocols.

# Article rating:

Appears strongly imbalanced: The article is written in a biased or one-sided way, and the information it provides is not trustworthy enough to be considered a reliable source. You should consult other sources to find reliable information on the presented issues.

# Article analysis:

The article "Why DeFi is Broken and How to Fix It, Pt 1: Oracle-Free Protocols" by Nascent.xyz provides a critical analysis of the current state of decentralized finance (DeFi) and proposes an alternative approach to building more secure protocols. The author argues that the current reliance on oracles, governance, and upgradeability in DeFi protocols has led to frequent hacks and thefts, making it unsuitable for mainstream adoption. Instead, the author suggests building immutable primitives with zero external dependencies as a more robust architecture for DeFi.

While the article presents some valid points about the security risks associated with oracles and governance in DeFi protocols, it also has some potential biases. The author is heavily invested in security at Nascent and has developed tools for the industry, which may influence their perspective on how to fix DeFi. Additionally, the article focuses solely on the security aspect of DeFi without considering other factors such as usability and scalability.

The article also makes unsupported claims about the frequency and severity of exploits in DeFi being two orders of magnitude above acceptable levels for mainstream adoption. While there have been several high-profile hacks in DeFi, it is unclear what metrics are being used to make this claim.

Furthermore, the article presents a one-sided view of oracle-free protocols as a solution to fixing DeFi without exploring potential drawbacks or counterarguments. For example, relying solely on user-defined collateral ratios could lead to increased risk for lenders if borrowers default on loans. Additionally, while oracle-free protocols may offer more diversity in pricing data sources, they may also lead to fragmentation in liquidity pools.

Overall, while the article raises important concerns about security in DeFi protocols, it presents a biased view of oracle-free primitives as a solution without fully exploring potential drawbacks or considering other factors beyond security.

# Topics for further research:

* Usability challenges in decentralized finance protocols
* Scalability issues in DeFi and potential solutions
* Benefits and drawbacks of using oracles in DeFi
* Governance models in decentralized finance and their effectiveness
* The role of collateralization in DeFi lending and borrowing
* Liquidity fragmentation in decentralized finance and its impact on users

# Report location:

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