

eToro shakes up crypto industry with DeFi portfolio

Article

The news: The global digital broker added a decentralized finance (DeFi) portfolio to its offering, which gives investors on its platform exposure to the emerging ecosystem, per Finextra.

Here's how it works:

- DeFi firms aim to bypass traditional financial intermediaries by using smart contracts and putting financial services like loans on the blockchain.
- **eToro's** new DeFi portfolio adds to the firm's **more than 60 existing portfolios** and **comprises 11 DeFi crypto assets**, including Ether (**ETH**), Uniswap (**UNI**), and Chainlink (**LINK**).
- **Initial investments start at \$1,000**, and investors can access tools and charts to track the portfolio's performance. eToro's social feed will also keep them up-to-date on DeFi developments.

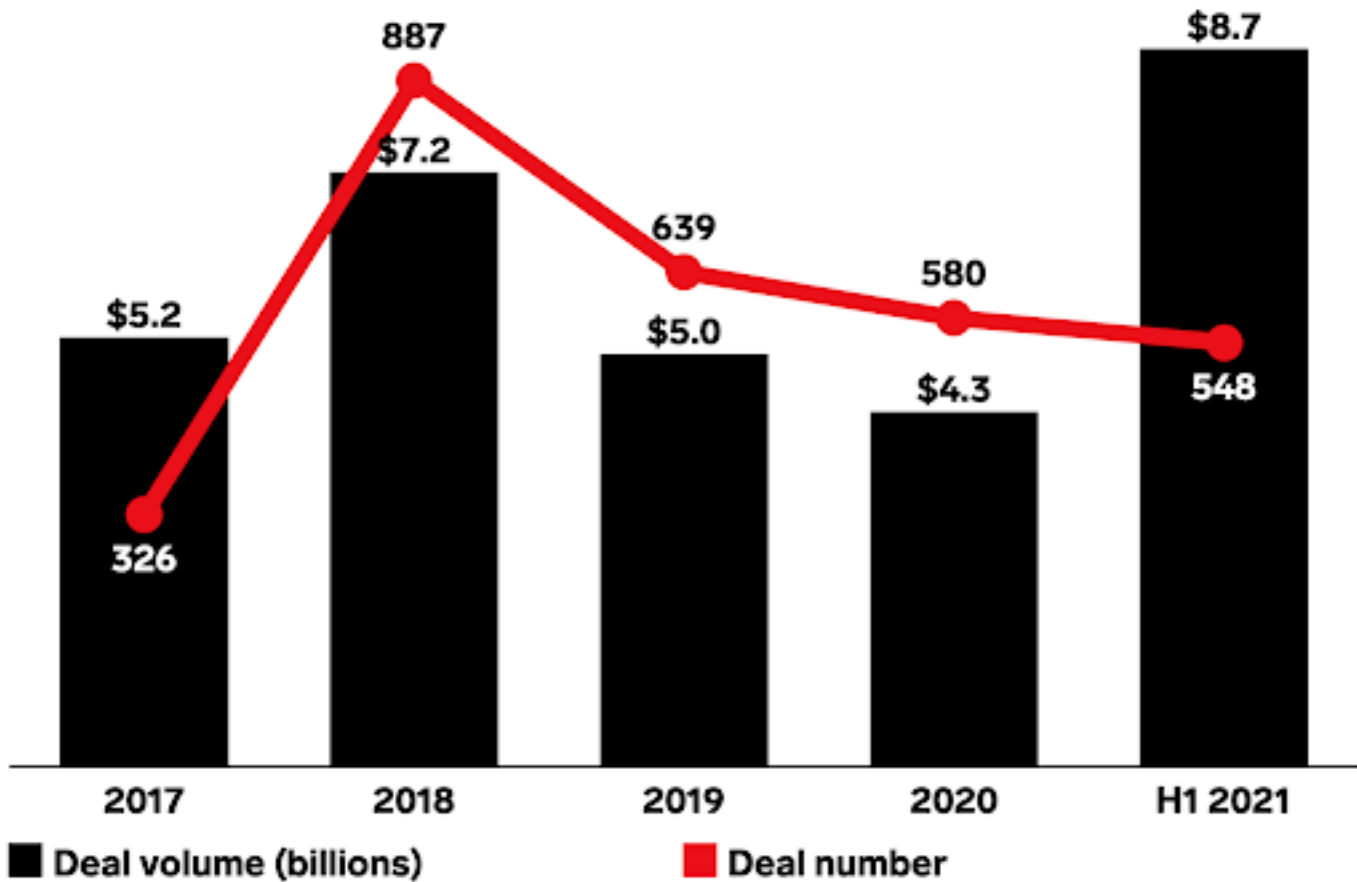
Why the DeFi push?

- By investing in DeFi assets, users get the expected returns if the assets' values go up while also earning interest for holding them.
- eToro's new portfolio lets retail investors get in on the action without having to seek out individual projects to invest in, which is especially useful since there aren't any clear winners in the DeFi space yet. And as the industry grows, eToro will likely diversify the portfolio with additional companies or add more focused DeFi portfolios.
- DeFi is the latest hot topic in the crypto space: The relatively nascent **industry grew from around \$19 billion in September 2020 to more than \$83 billion at the time of writing.**

The bigger picture:

- eToro is the latest big financial institution to give DeFi a stamp of approval, following **Goldman Sachs submitting** an application to the **Securities and Exchange Commission** for its DeFi and Blockchain Equity ETF, which would track the Solactive Decentralized Finance and Blockchain Index.
- More DeFi services are cropping up, intensifying the need for brokers to provide access to them—**Square** is planning a platform for developers to create DeFi services on the Bitcoin blockchain, for example.
- **Robinhood** could also be preparing a DeFi offering. It recently launched a crypto wallet that lets users transfer crypto holdings in and out of the platform and could be used to give users access to DeFi assets.

Global Private Investment in Blockchain and Cryptocurrency



Source: KPMG, "Pulse of Fintech H1 2021," August 2021

Methodology: Data is from the August 2021 KPMG report titled "Pulse of Fintech H1 2021." The data was provided by Pitchbook Data as of June 30, 2021. Due to the private nature of many of the transactions, the data set cannot be definitive, but is an estimate based on information available to PitchBook.

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