

Deep Dive: Solana DeFi

April 2024

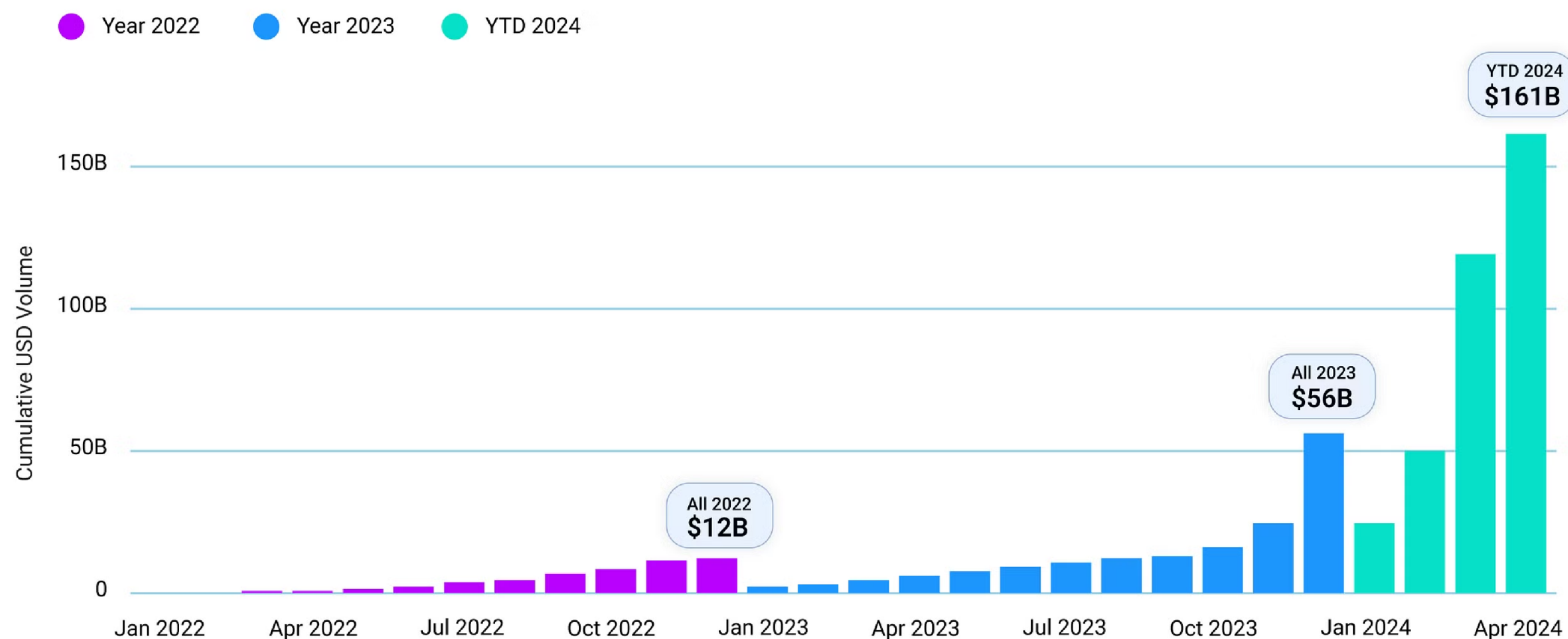


1. DeFi Spot DEXes

In just four months, 2024 DEX volumes have exceeded the last two years combined.

Solana Cumulative DEX Volume

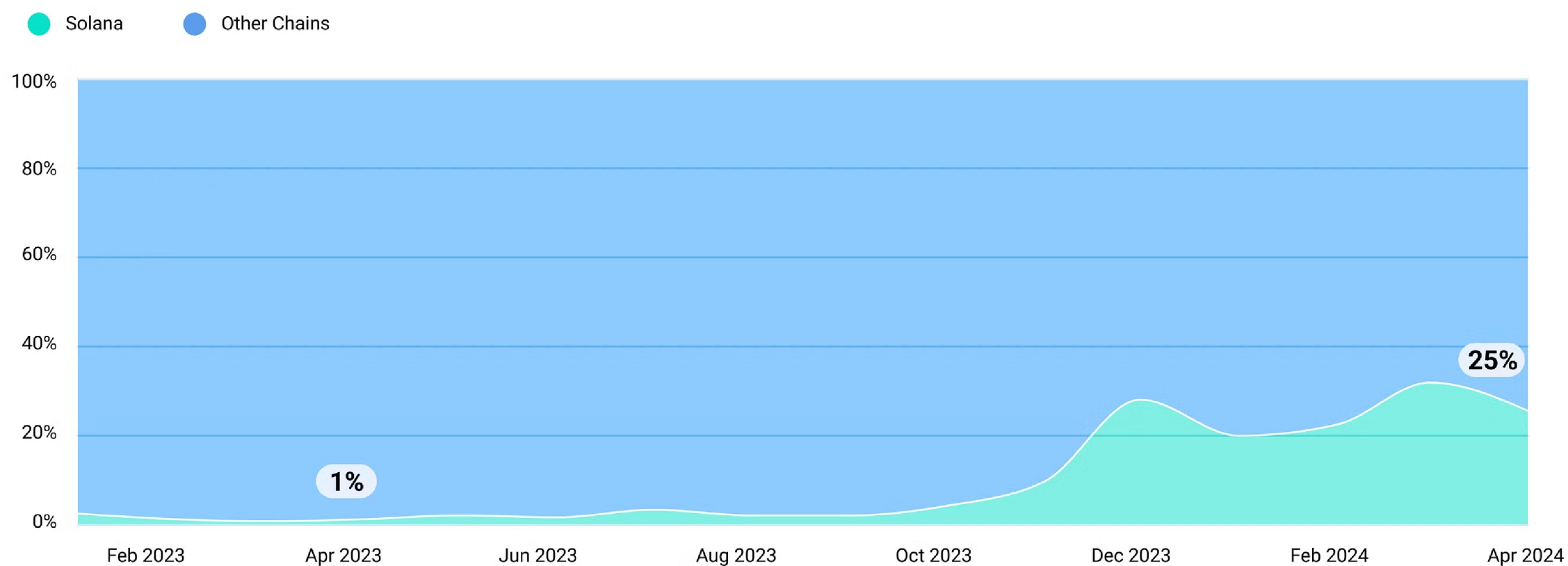
In USD Terms

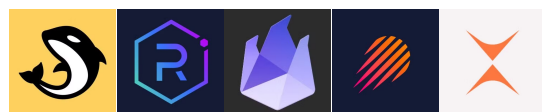


Solana is eating crypto.

Solana's DEX market share has increased ~25x to make up a quarter of crypto-wide DEX volumes.

Solana DEX Volume Market Share
Incl. All L1 & L2 Chains

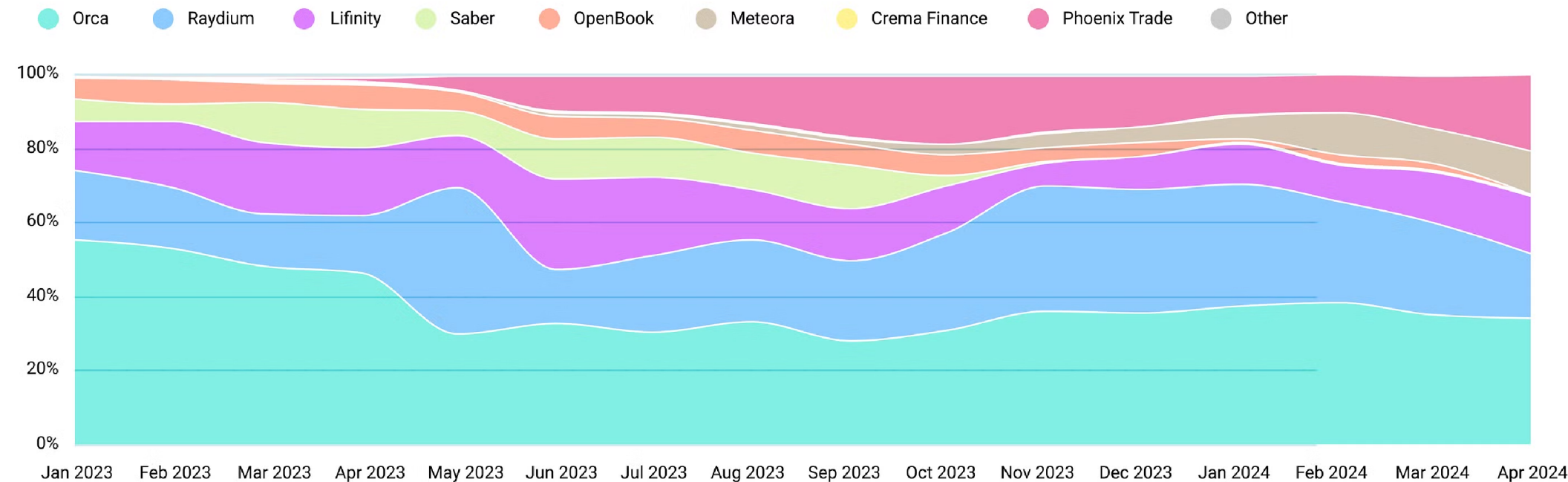




Orca and Raydium lead the pack amongst Solana DEXes, with others close behind.

Lifinity, Meteora, and Phoenix (an orderbook DEX) have all offered significant competition in recent months.

Solana DEX Market Share
By % of Volume





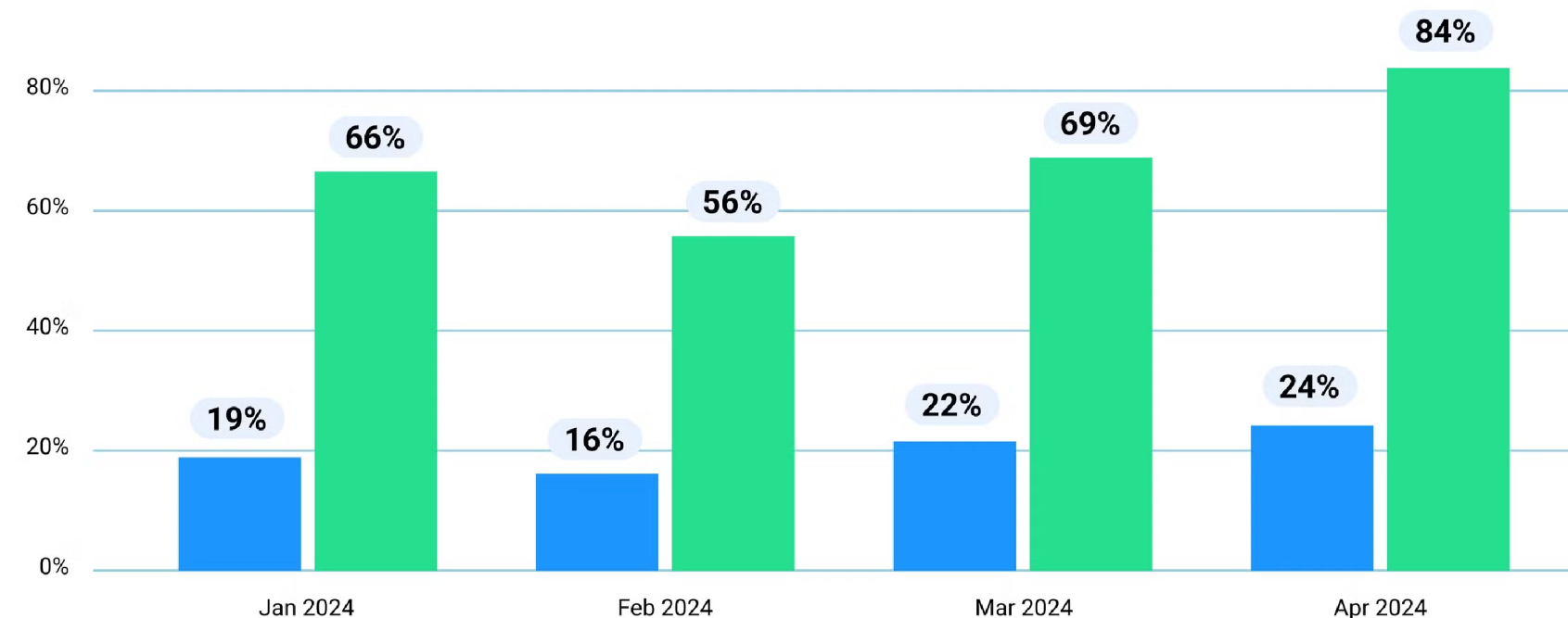
Solana users love using DEX aggregators like Jupiter.

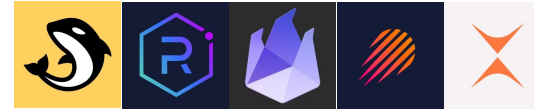
On Solana, around 84% of swap volume is routed through Jupiter (the leading DEX aggregator), compared to only 24% of volumes routed through the top 5 Ethereum DEX aggregators combined.

This phenomenon - a preference for aggregators - bolsters a more balanced distribution of volumes across DEXes in Solana.

Percentage of Swap Volume Routed Through Aggregators

● Top 5 Aggregators (Ethereum) ● Jupiter (Solana)

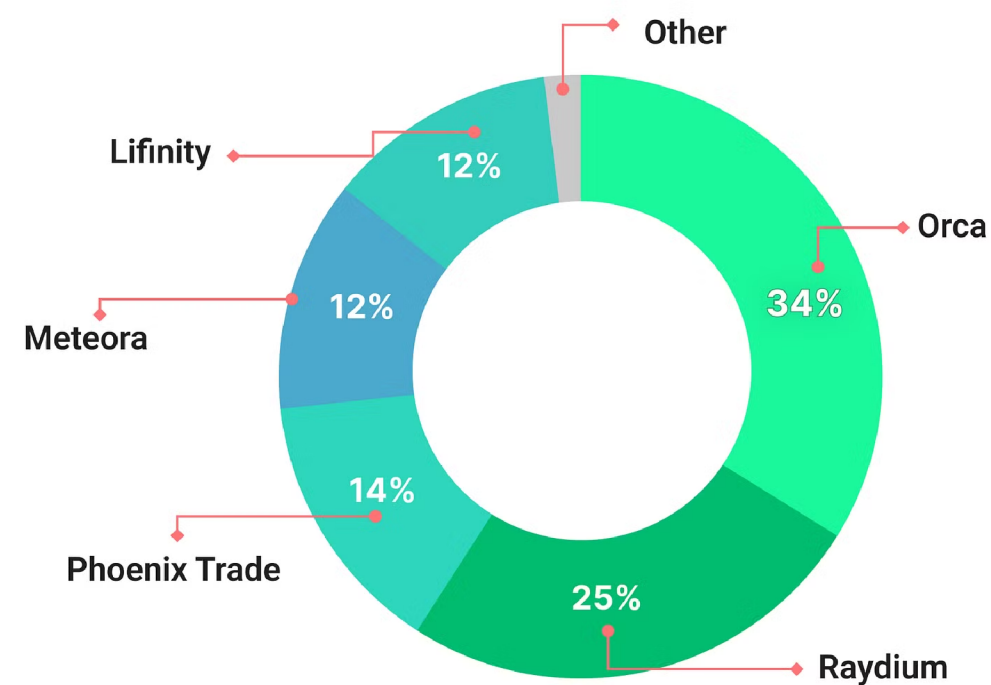




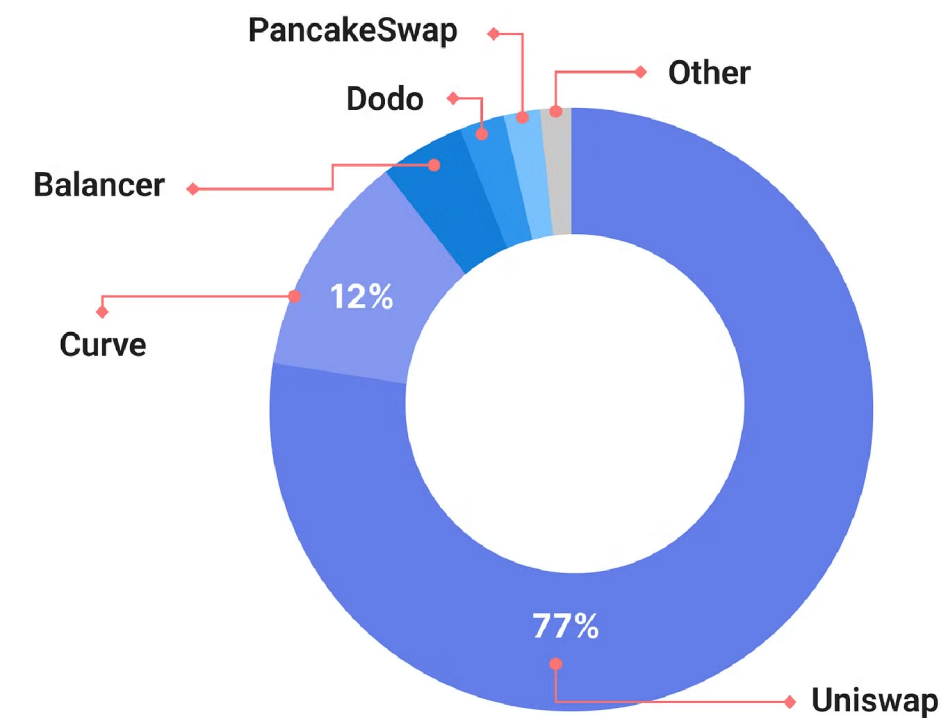
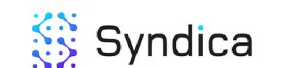
Solana hosts a healthy, balanced DEX ecosystem.

Solana's leading DEXes exhibited a relatively even distribution of market share.
In contrast, Ethereum's DEX market was concentrated in Uniswap (77%) and Curve (12%).

Solana DEXes Market Share
YTD Volume



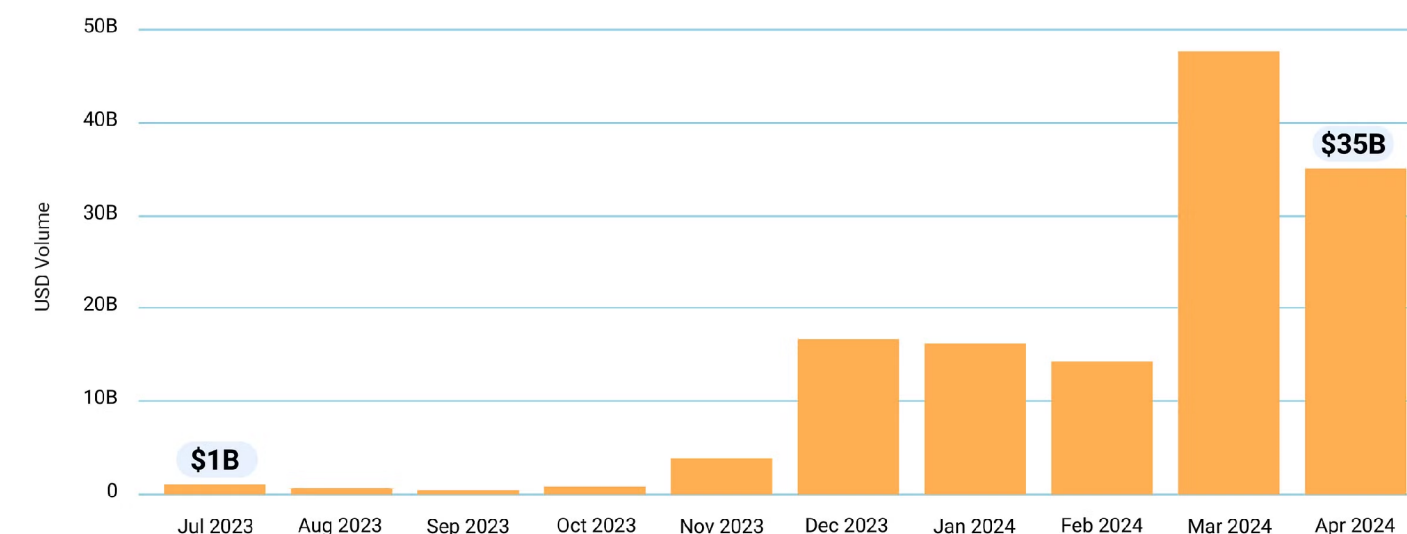
Ethereum DEXes Market Share
YTD Volume



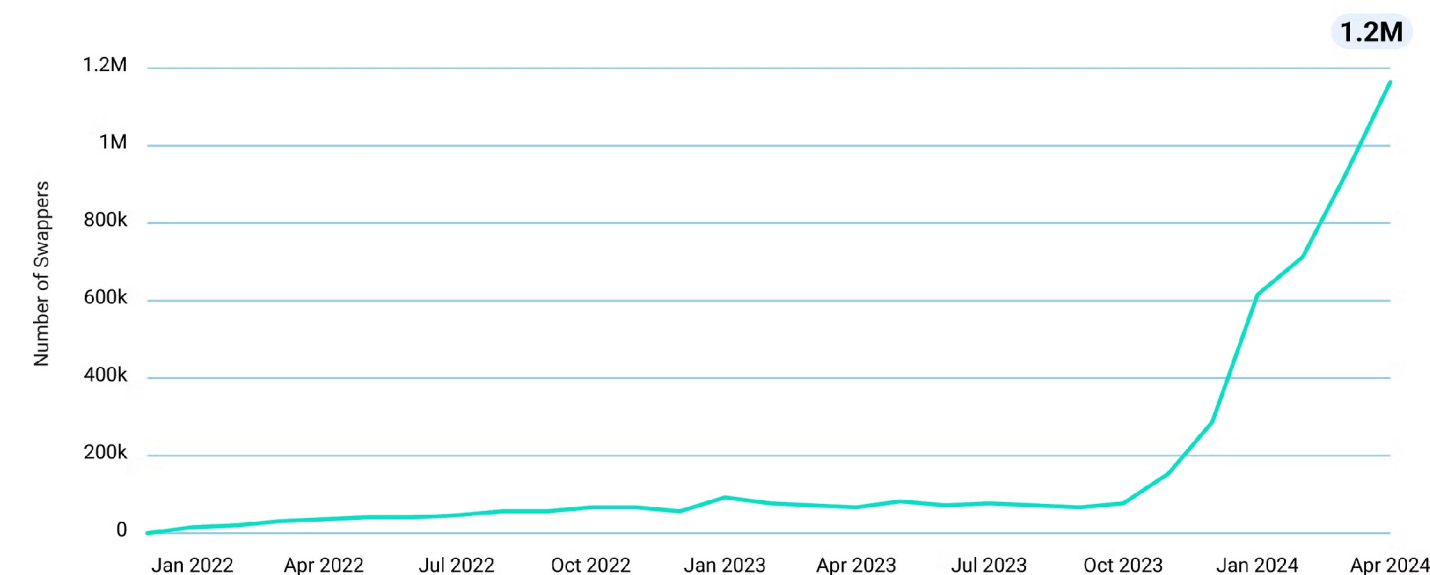
Jupiter's swap volume has grown nearly 35x in less than a year.

Returning swappers have also grown steadily, reaching a new high in April 2024.

Jupiter Swap Volume
Per Month



Returning Swappers on Jupiter
Per Month



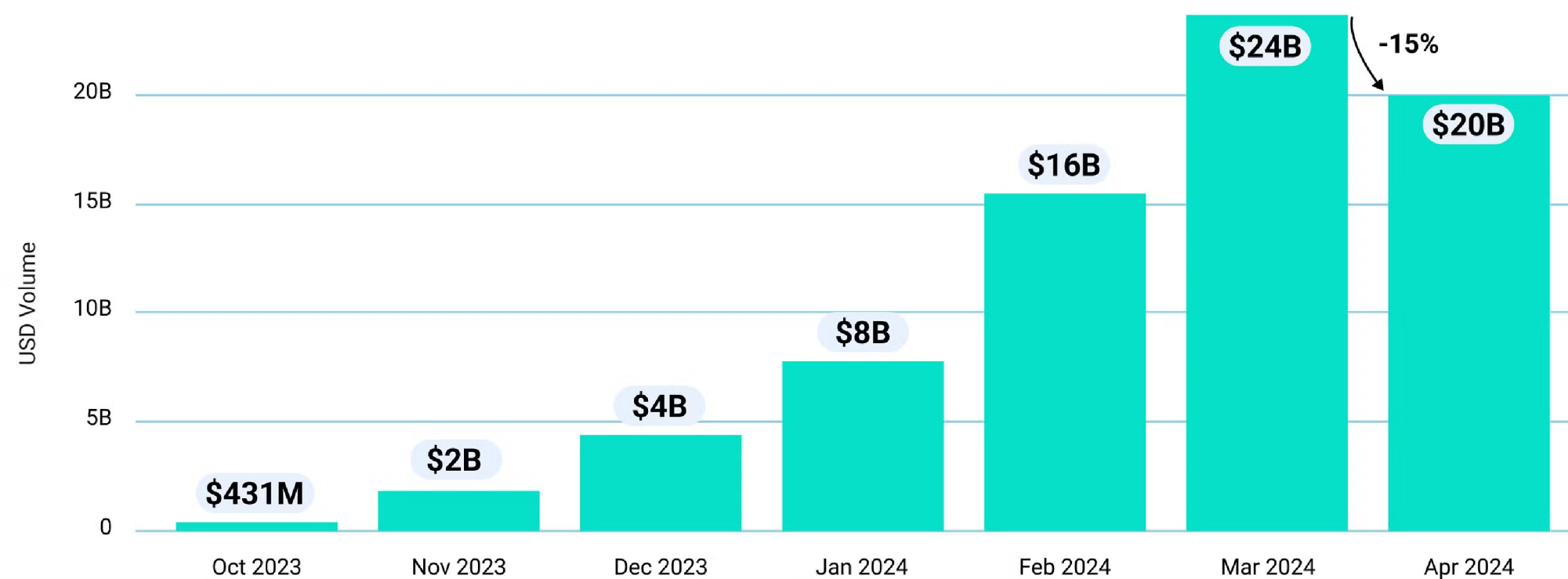


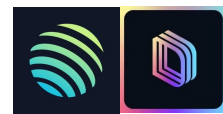
2. DeFi Perpetuals

Perpetuals trading volumes are hovering around \$20B per month.

Perps volume stabilized after a frantic March, completing a 6-month uptrend.

Solana Perpetuals Trading Volume
Per Month

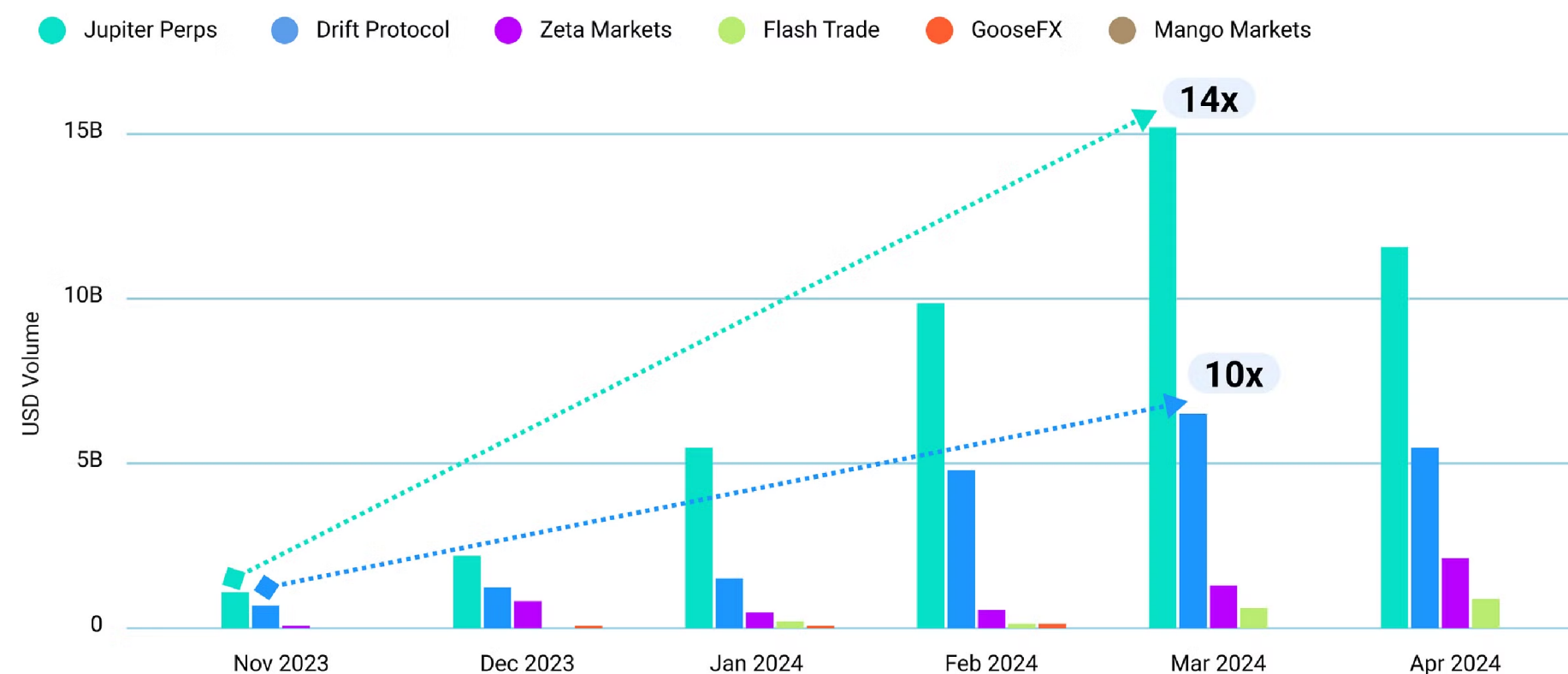




Jupiter's Perps offering grew 14x over 5 months before stabilizing in April.

Similarly, Drift's Perps offering grew 10x over the same period.

Solana Perpetuals Volume By Platform



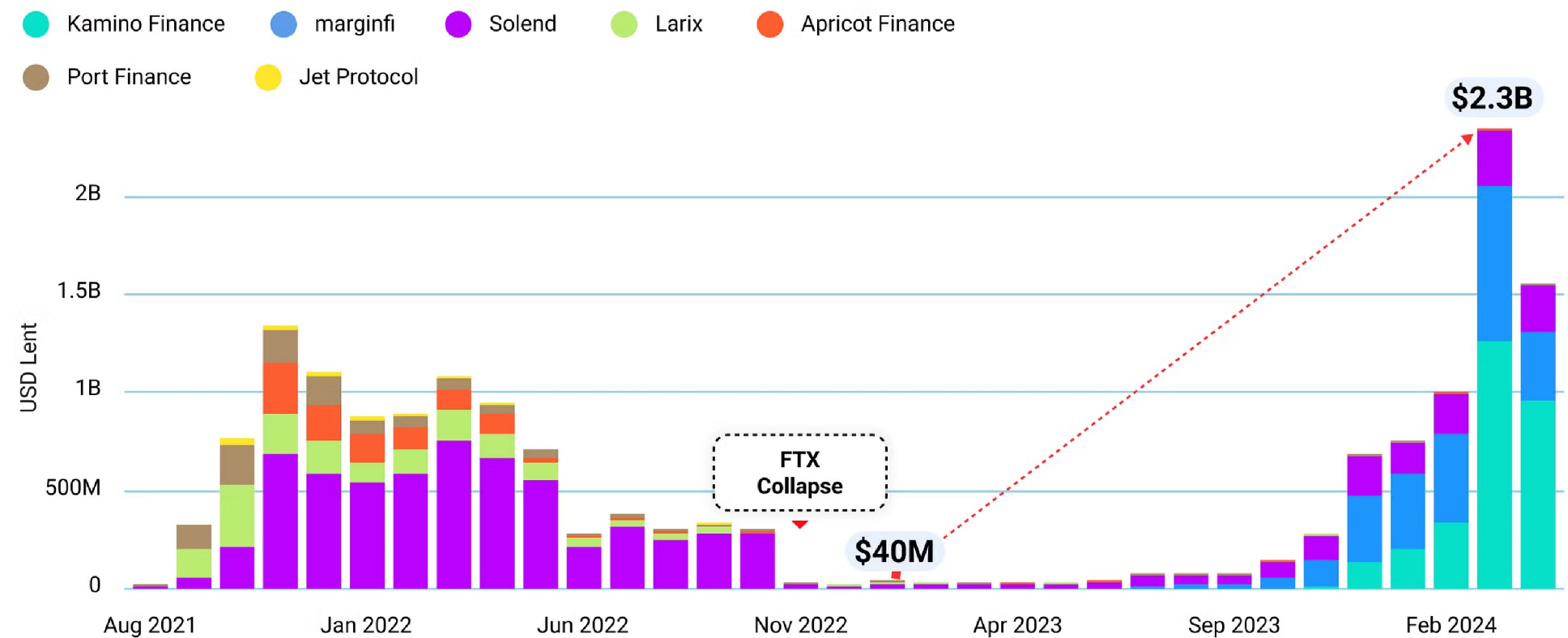


3. DeFi Lending and Borrowing

Solana's lending protocol TVL grew 58x over the past year, marking a new all-time high.

Following its low after the FTX collapse, the on-chain lending market has seen a resurgence to capture a new ATH in March.

Solana Lending TVL
By Platform in USD Terms

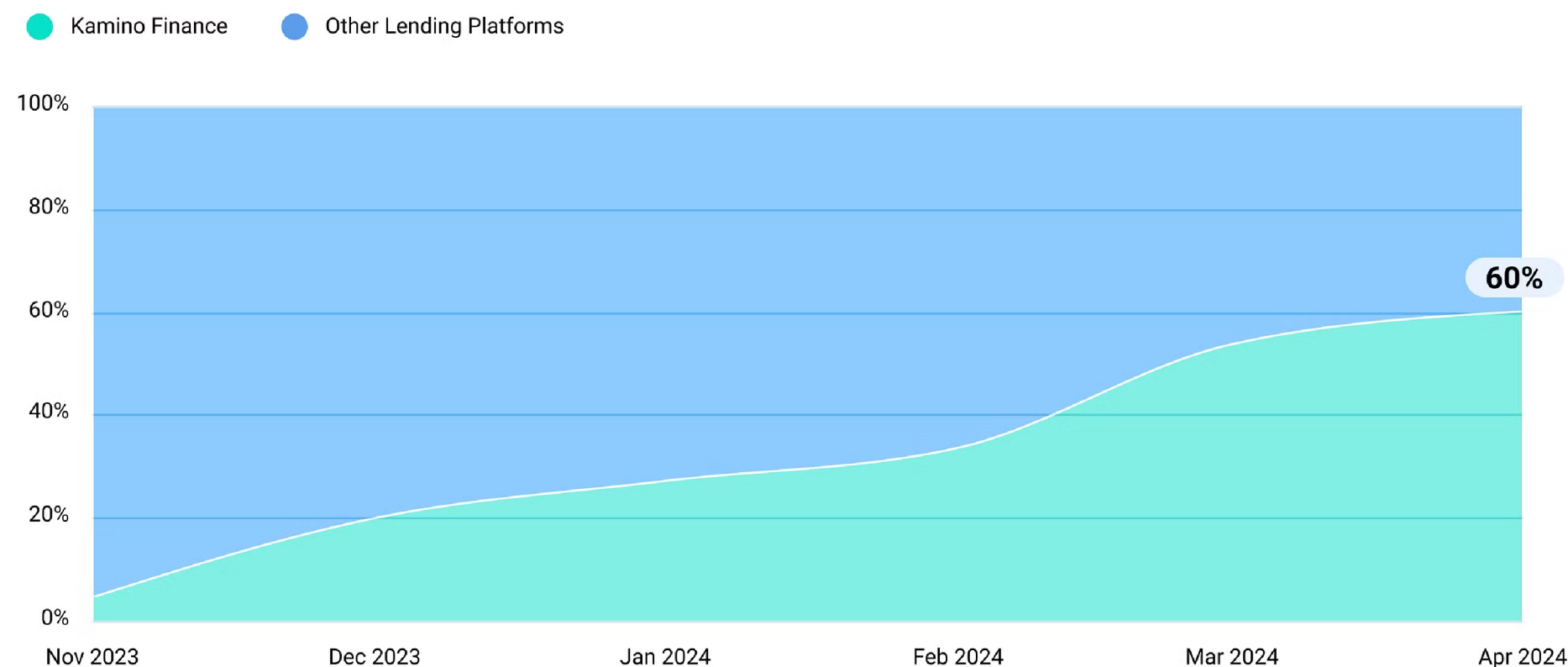




TVL on Kamino Finance exceeds all other competing platforms combined.

Kamino Finance now commands over half of the lending TVL market at 60%.

Lending TVL Market Share
Per Month





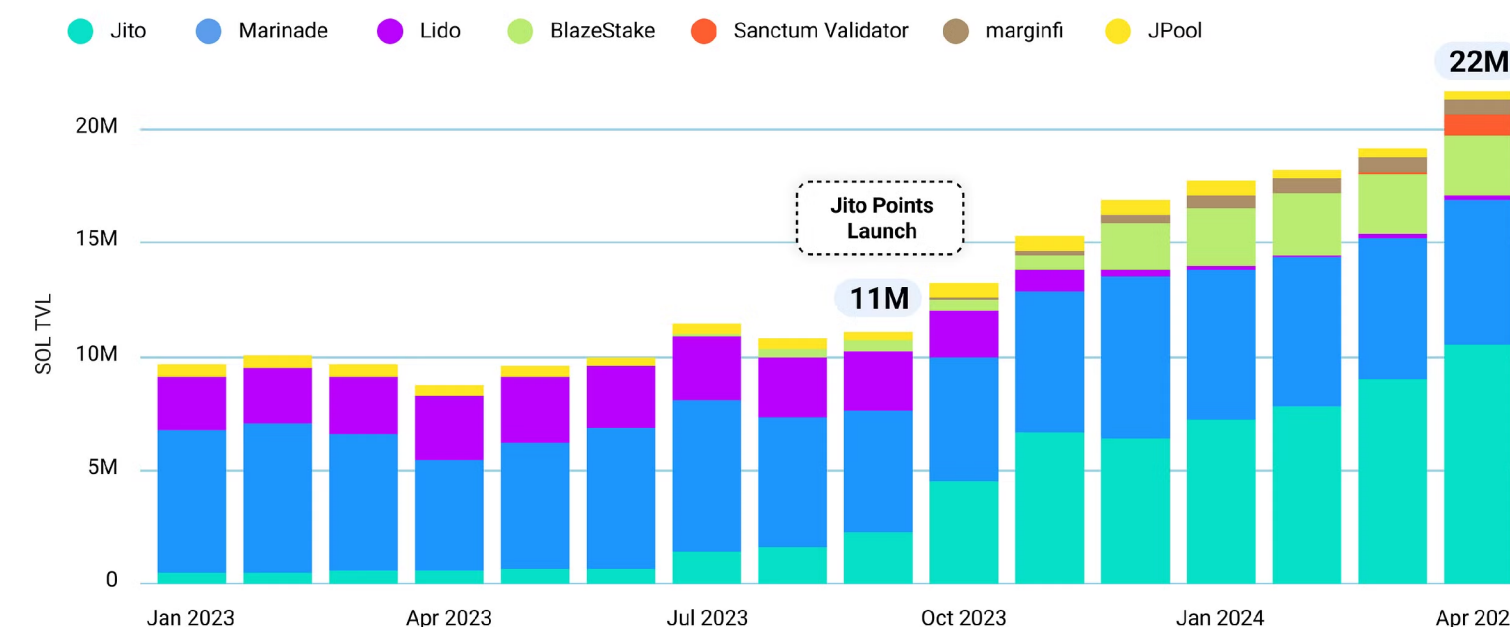
4. DeFi Liquid Staking

Liquid staking TVL reached an all-time high, doubling from 11M SOL to 22M SOL following Jito's points program announcement.

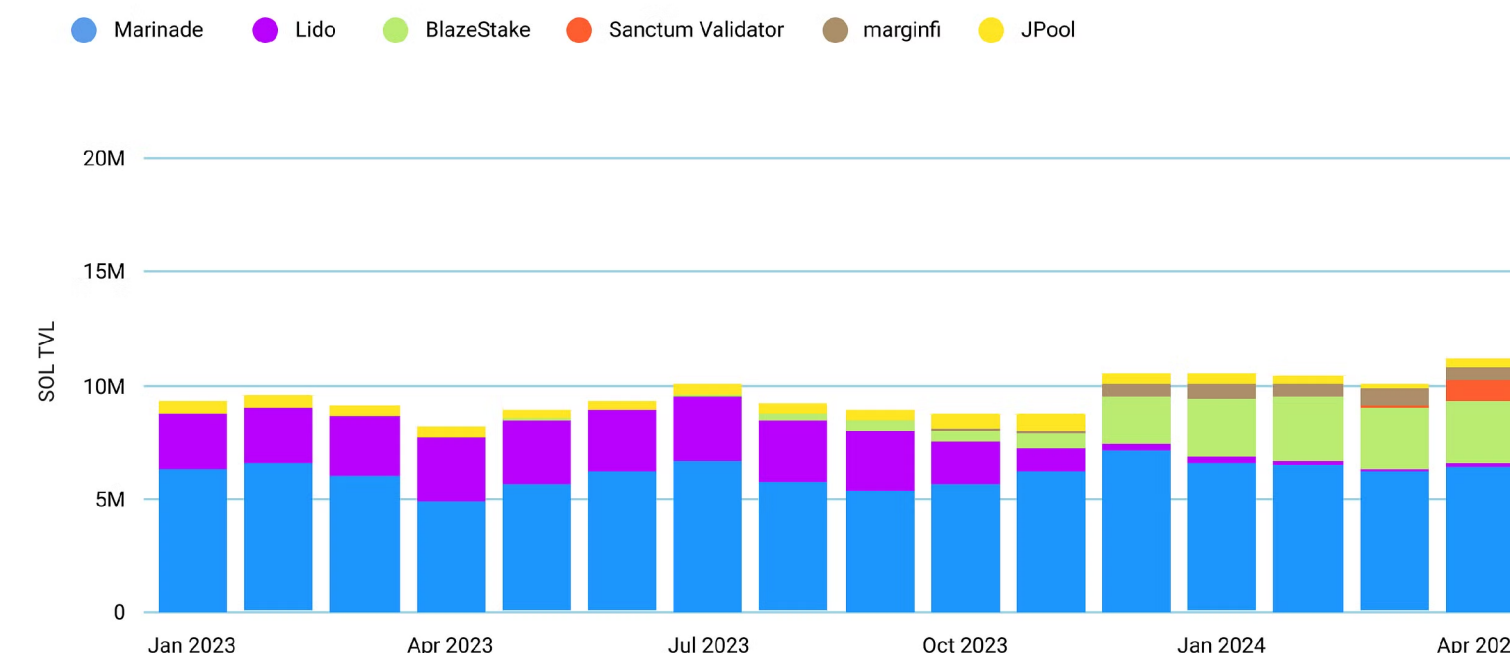
Jito announced a points program for their airdrop in September, igniting a fierce uptrend in Solana's liquid staking.

Jito's growth has been the primary driver of the overall liquid staking TVL on Solana. Excluding Jito from the above chart, the TVL curve shows little growth, stagnating at around 10M SOL staked for the past year.

Solana Liquid Staking TVL
By Protocol in SOL Terms



Solana Liquid Staking TVL (Excluding Jito)
By Protocol in SOL Terms



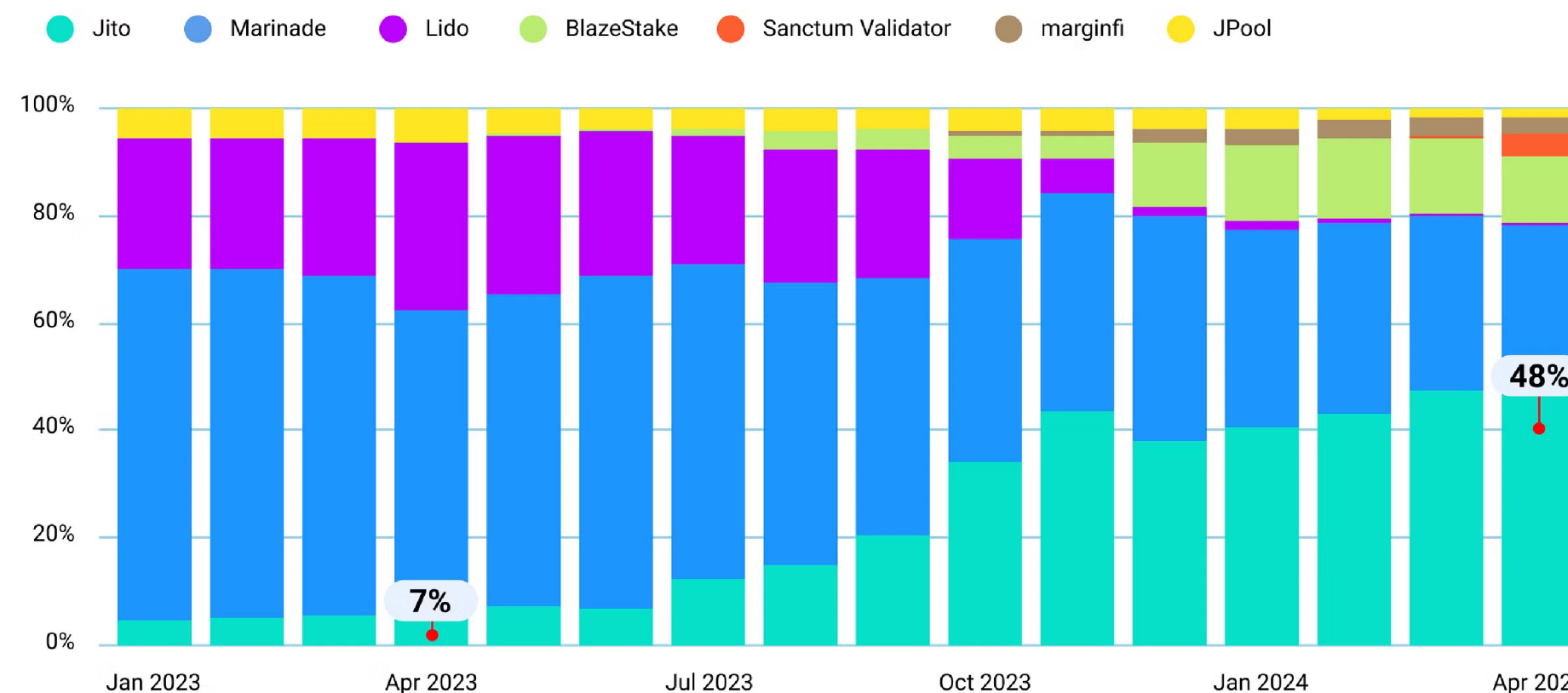


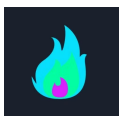
Jito has taken the liquid staking market by storm.

Focused on MEV, Jito has seen its market share grow from 7% to 48% over the last year.

Solana Liquid Staking TVL Market Share

By % of TVL



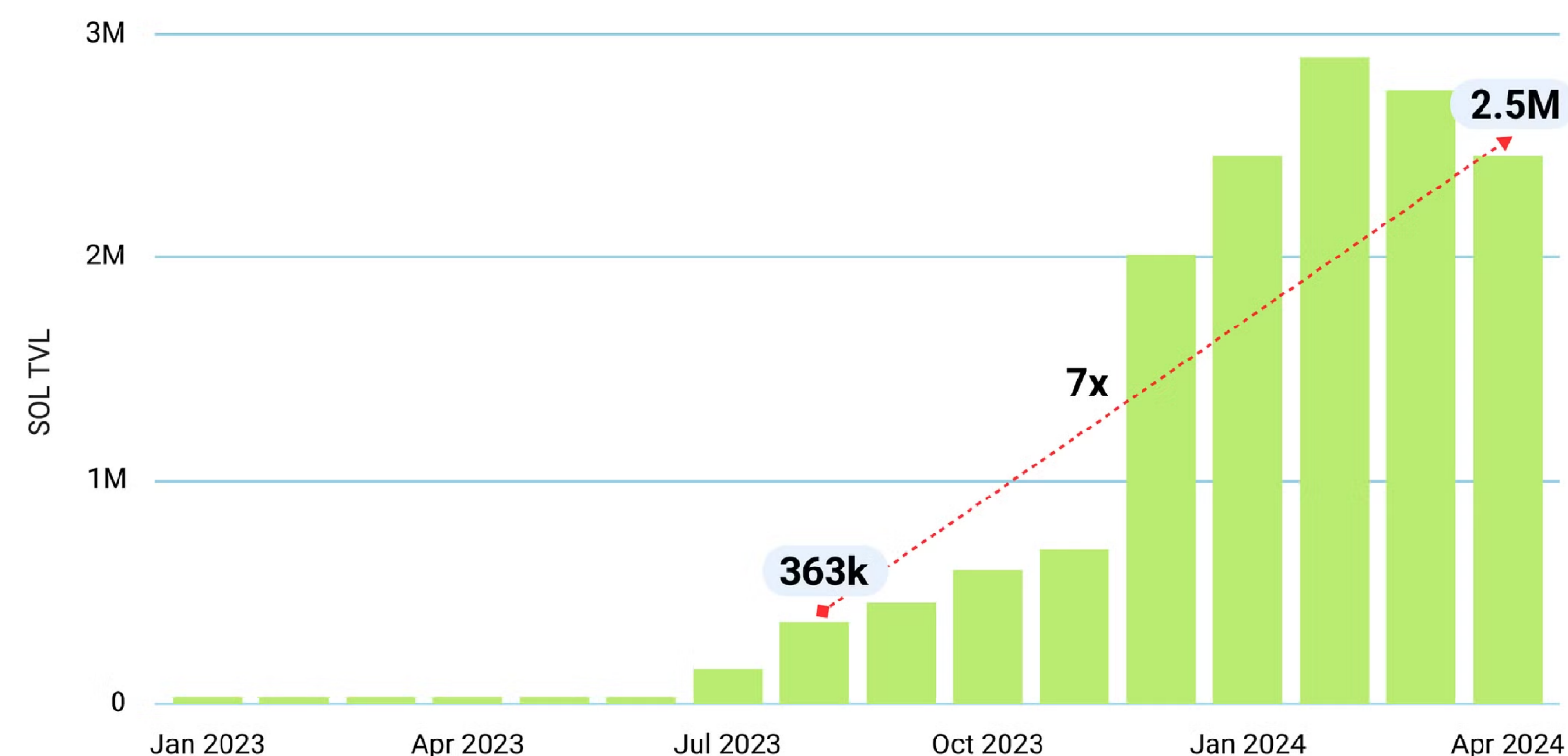


BlazeStake has emerged as a meaningful player in Liquid Staking.

BlazeStake has incentivized usage of its protocol by periodically distributing rewards in its native token - BLZE.

Since beginning this incentive program in August, its TVL has jumped from 363k SOL to 2.5M SOL.

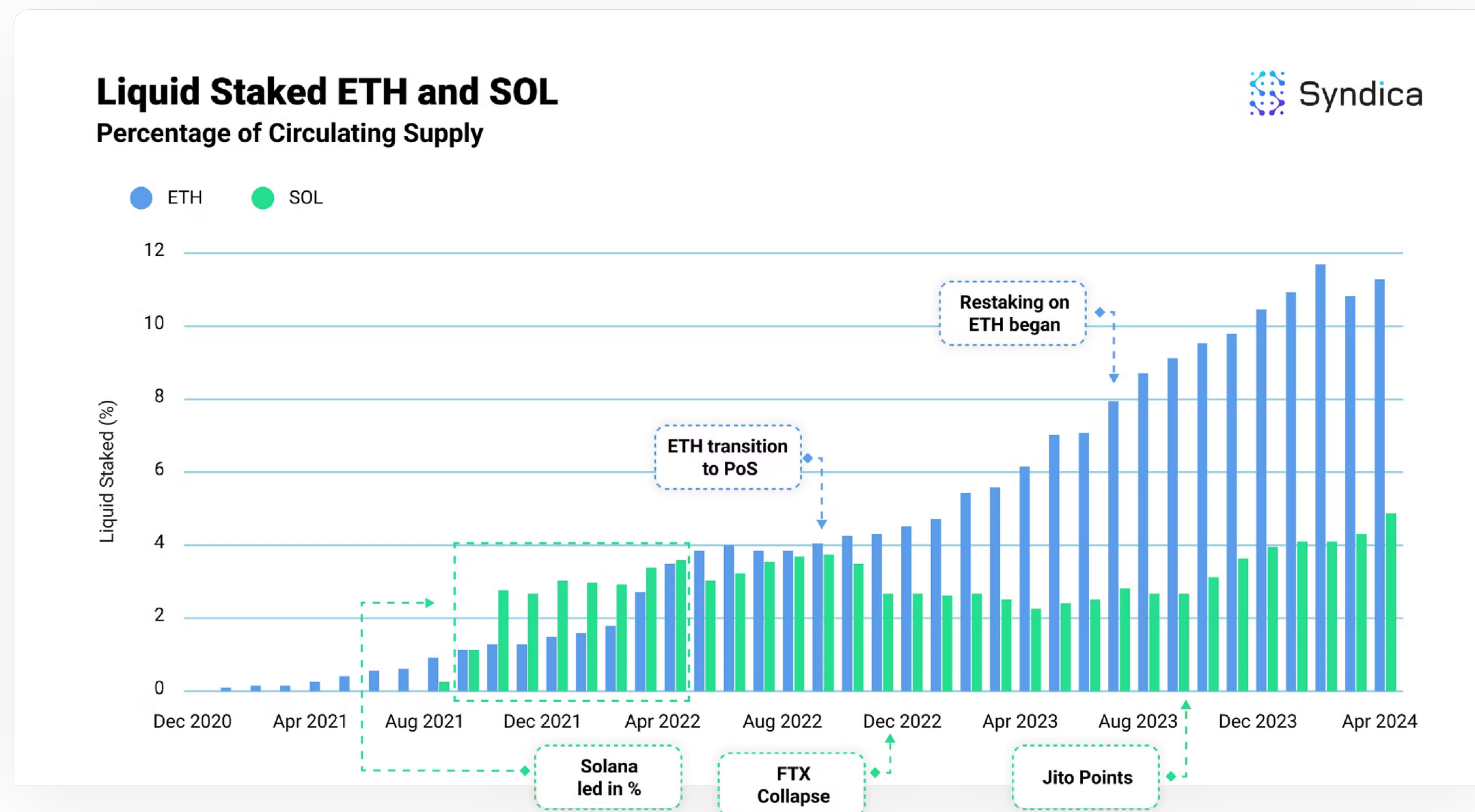
BlazeStake Liquid Staking TVL In SOL Terms



Solana's liquid staking adoption lags Ethereum.

During the winter of '21 - '22, Solana had a higher percentage of SOL liquid staked than Ethereum.

Since Ethereum's Sep '22 switch to PoS and the introduction of restaking protocols like EigenLayer, ETH has surged ahead and widened the gap significantly.



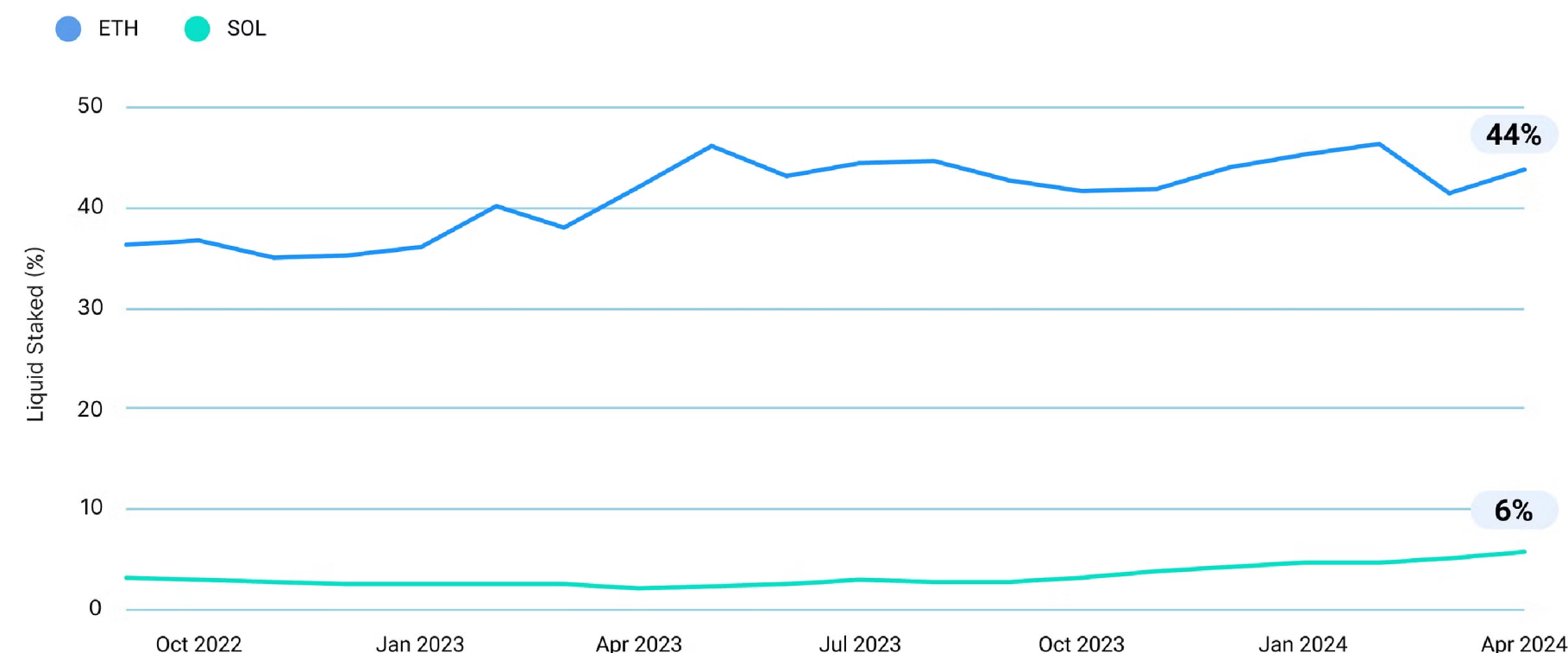
Solana's liquid staking holds significant untapped potential.

On Solana, only about 6% of staked SOL is liquid staked, compared to about 44% of ETH staked on Ethereum.

On Ethereum, users need 32 ETH to solo stake. This requirement has led to the use of liquid staking protocols, allowing smaller players to earn staking rewards.

In contrast, Solana's no-minimum staking requirement likely exacerbates this disparity.

Liquid Staked ETH and SOL
Percentage of Total Staked

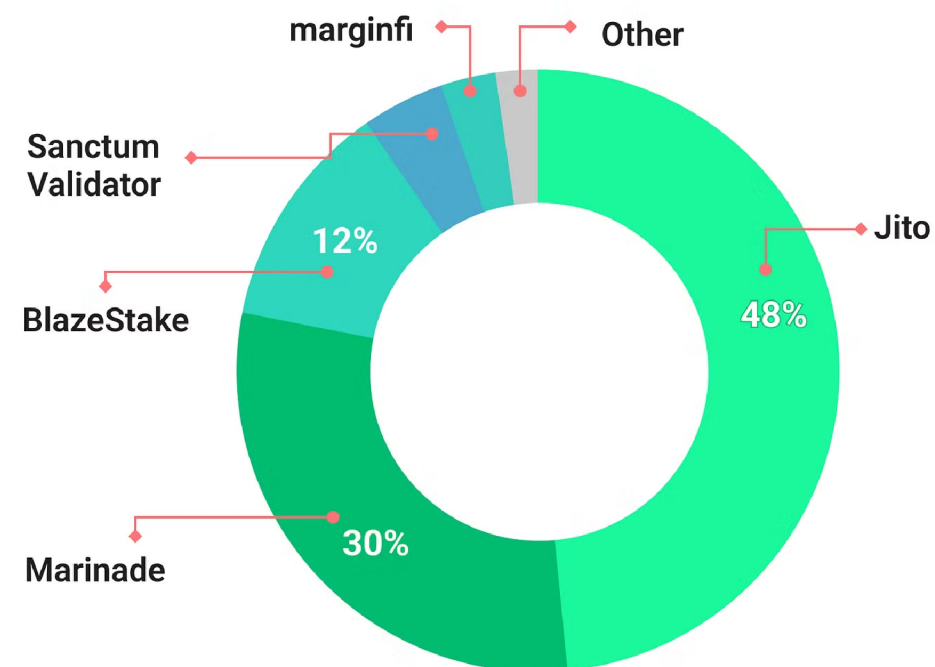




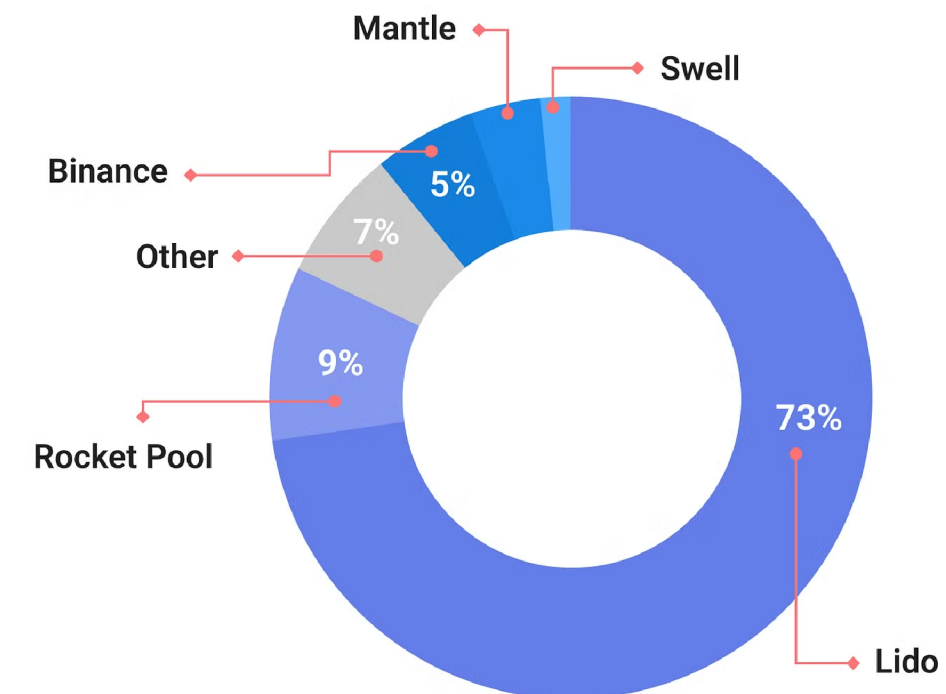
Solana's liquid staking market exhibits a healthy balance amongst protocols.

Lido dominates the Ethereum liquid staking market while Solana features a more evenly distributed liquid staking landscape - Jito, Marinade, and BlazeStake have all captured double-digit percentages.

Solana Liquid Staking Market Share
In April



Ethereum Liquid Staking Market Share
In April





5. DeFi Bridges

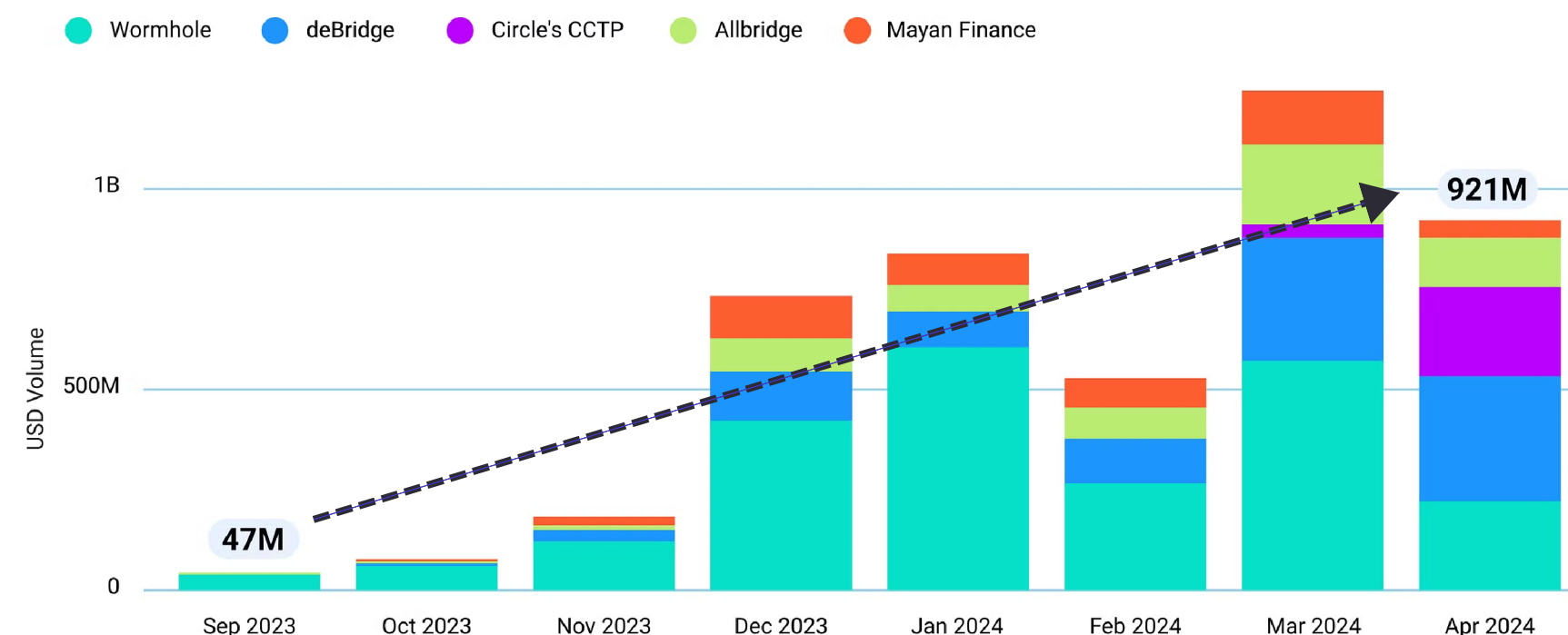


Solana's bridging volumes increased 20x in just 8 months.

As the volume of Solana bridging transactions increases, so does healthy competition amongst bridging protocols.

April was the most balanced month for cross-chain bridges.

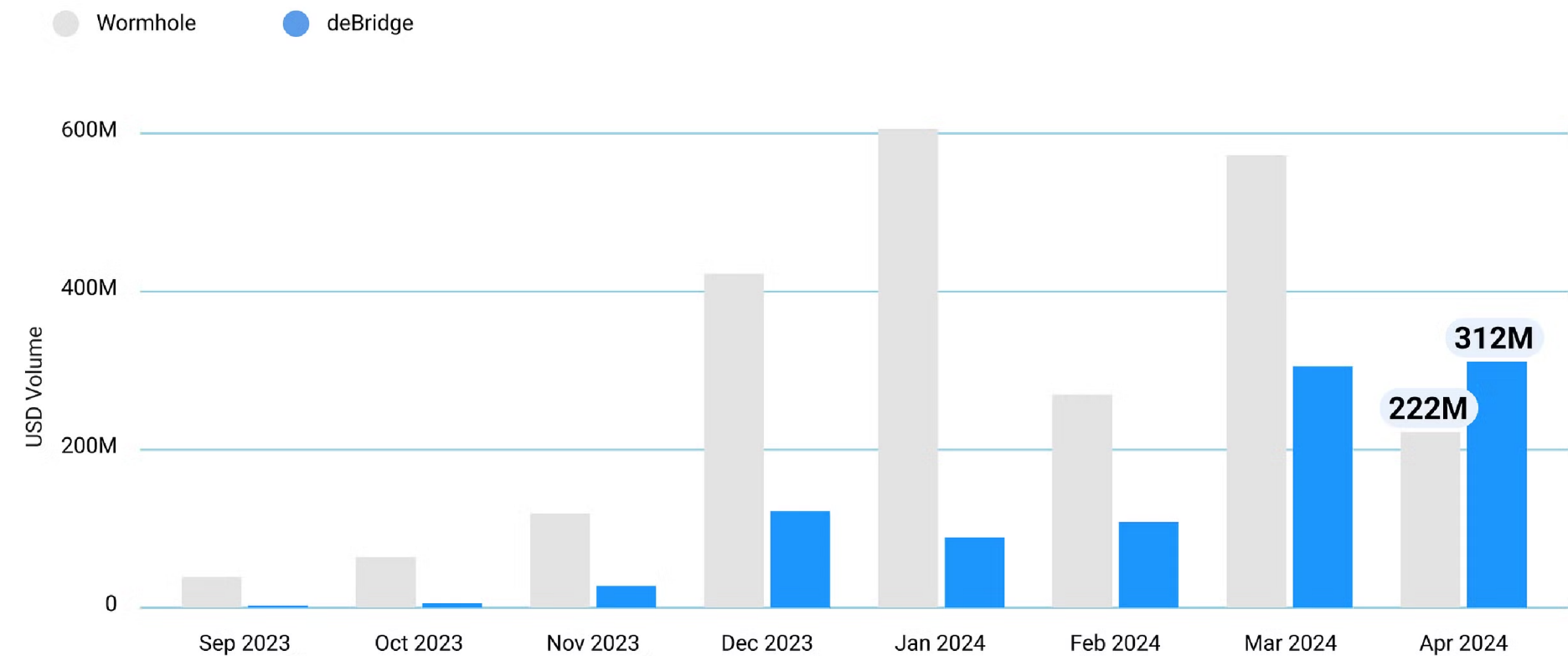
Solana Cross-Chain Bridging Volume
In USD Terms



deBridge recorded an all-time high in volume, leading to their first time at the #1 spot amongst bridges.

The deBridge points program launched on April 9th - so far, it's been a resounding success.

Solana Cross-Chain Bridging Volume Per Month

Note: This analysis only shows deBridge and Wormhole - the two largest Solana cross-chain bridges by volume.

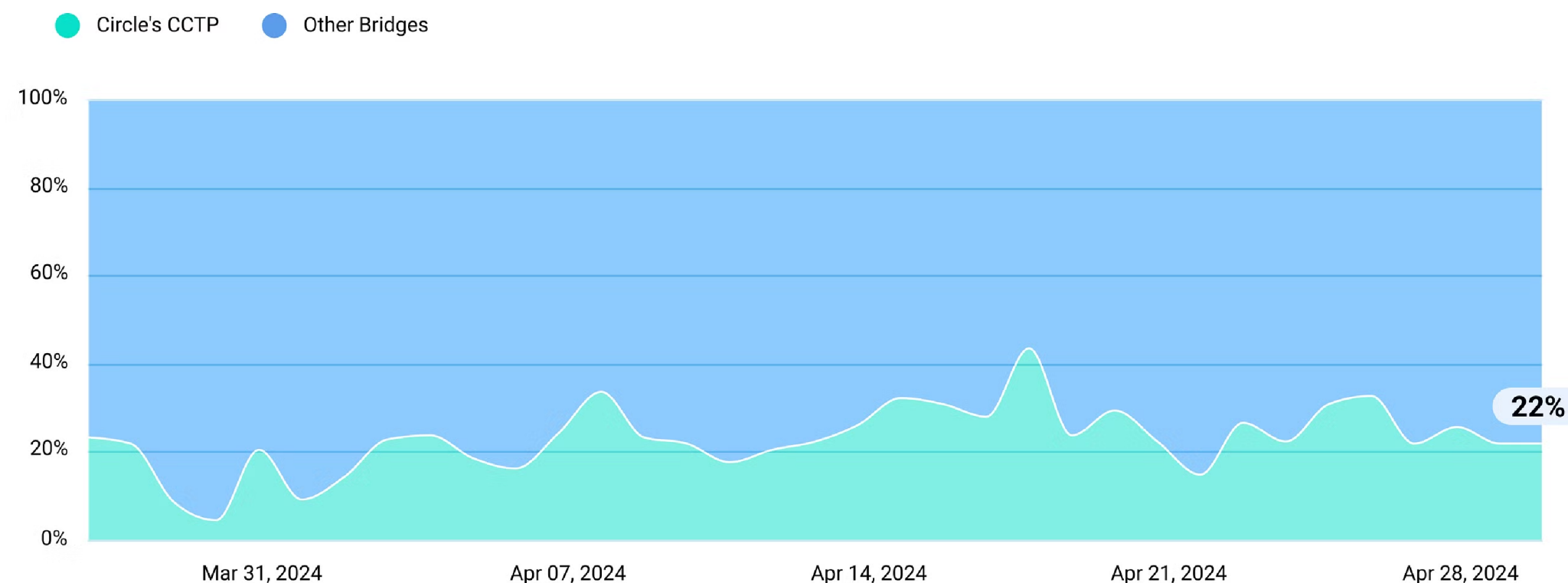


Circle's new CCTP (Cross-Chain Transfer Protocol) has captured ~20% of Solana's bridging market virtually overnight.

Launched in March, CCTP enables native transfers of USDC between blockchains, charging only gas fees.

Developers can integrate native USDC transfers via CCTP into their DApps with just three lines of code.

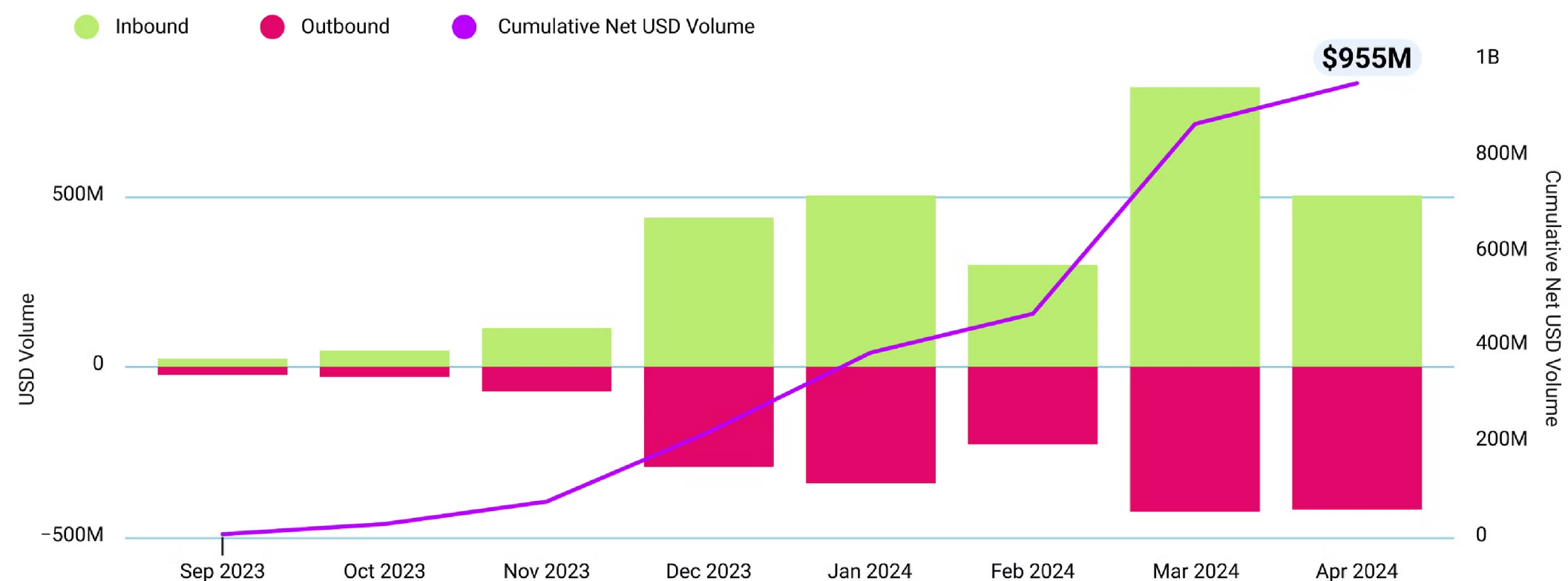
Solana Cross-Chain Bridging Volume Market Share
Per Day



Net bridging flows into Solana have been positive for 8 consecutive months.

Over this period, \$955M has been bridged into Solana.

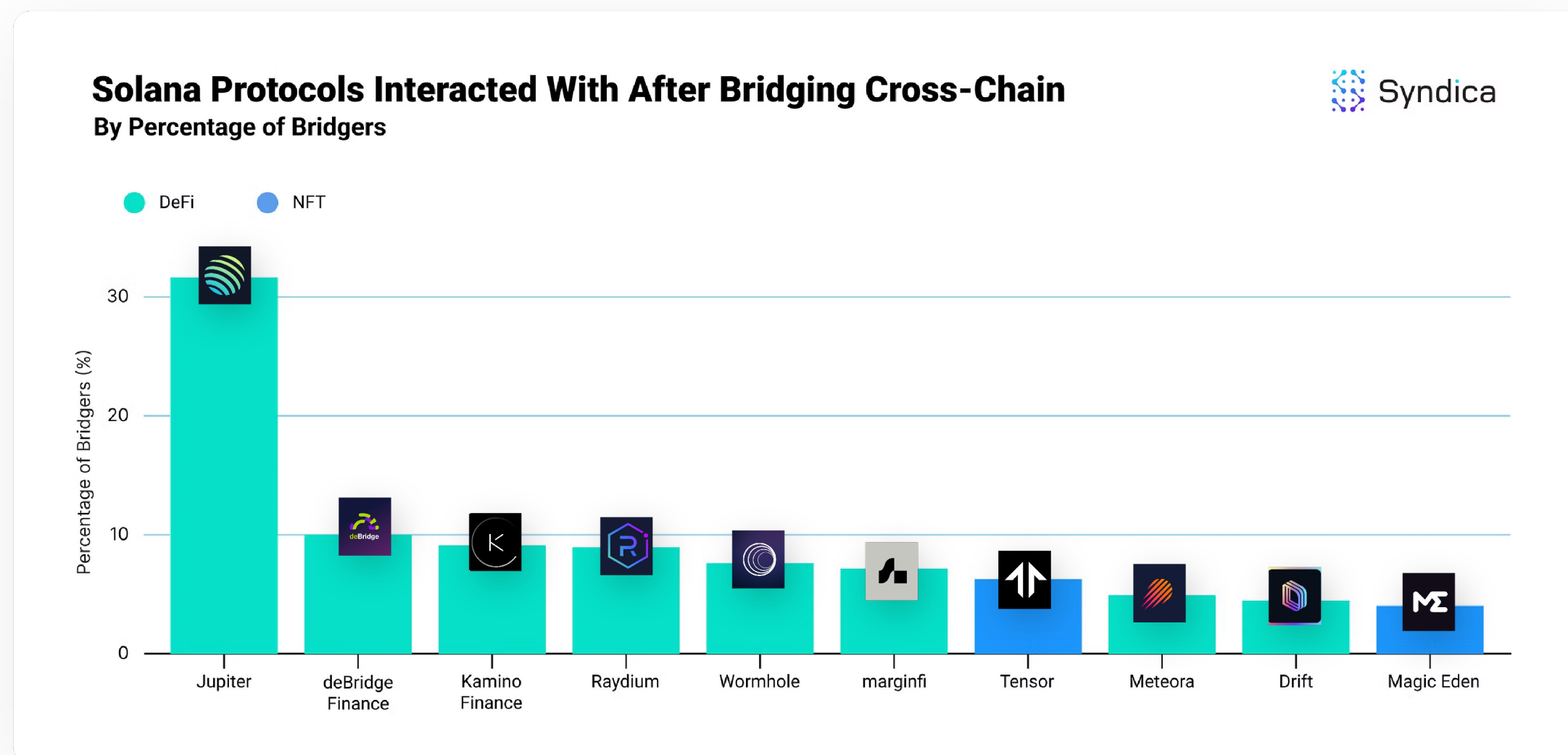
Solana Cross-Chain Bridging Volume Inbound vs Outbound



DeFi is the most popular use-case amongst bridging users.

Looking at the ten most interacted-with protocols after a user bridged to Solana, eight are DeFi protocols.

NFT platforms, Tensor and Magic Eden, stand out as popular choices outside of DeFi.



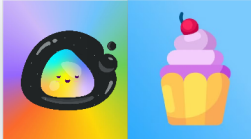

Note: This analysis covers the activities of users who bridged into Solana between February 2024 and April 2024, focusing on their subsequent actions on the blockchain.



6. Our Trends to Watch

Protocols like Sanctum and Flash Trade are leveraging gamification to drive user adoption.

Gamification in Sanctum Wonderland and Flash Trade:

Feature	Sanctum Wonderland 	Flash Trade 
Collectibles	Users can collect and level up digital pets associated with specific Liquid Staking Tokens (LSTs).	Users can collect and level-up NFTs called Flash Beasts , which offer benefits as users interact with the platform.
Progression System	Pets earn Experience Points (EXP) by holding LSTs and can evolve to higher levels.	Beasts level up by earning Voltage Points (VP) through trading, liquidity providing, and referrals.
Referral Benefits	Users can earn Referral EXP , enhancing a network effect for the protocol while offering users tangible benefits.	Referral links generated by Beasts allow for fee discounts and rebates, incentivizing user referrals.
Airdrops & Rewards	Users are incentivized with the potential for future airdrops of governance tokens to active participants in the Wonderland program.	Users are incentivized with the potential for future airdrops . Already, holders of Flash Beasts receive a share of trading fees , claimable on a daily basis.

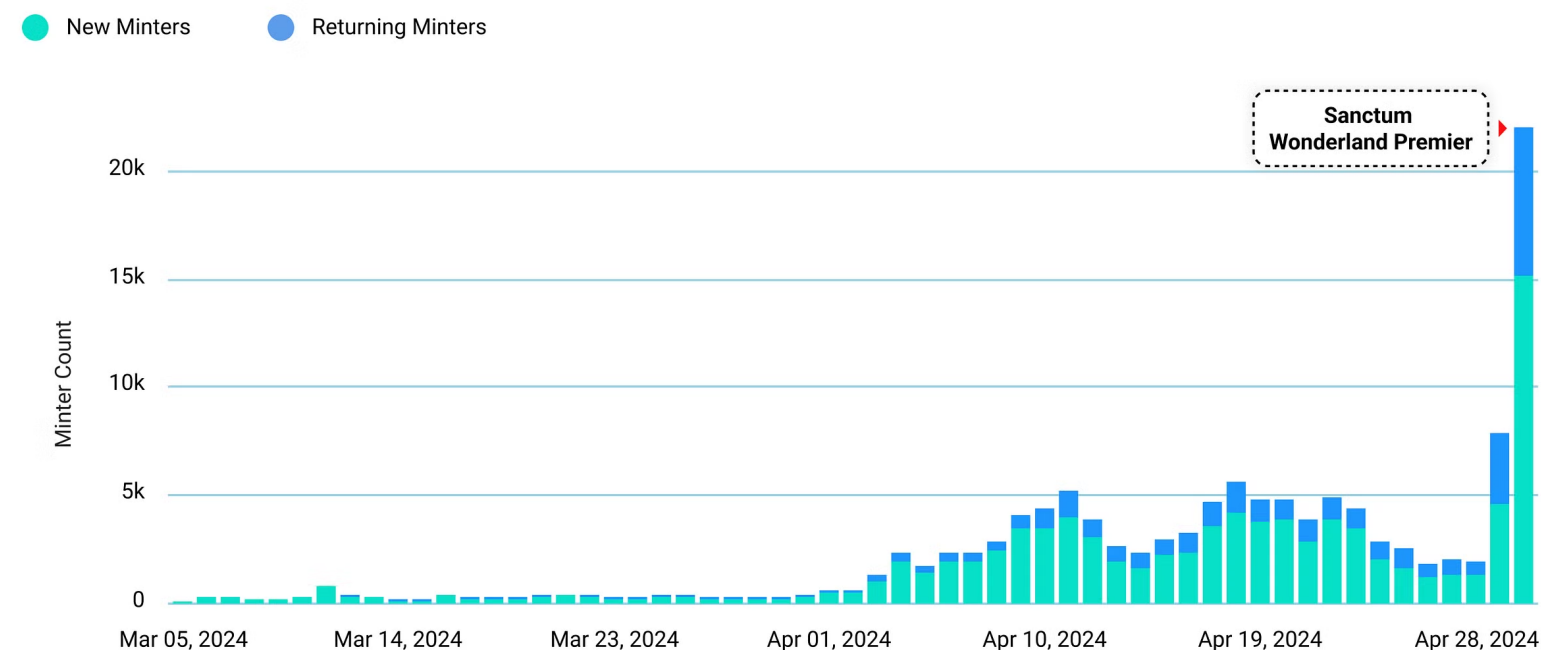


Sanctum Infinity grew its daily minters 4x following their Wonderland rewards program announcement.

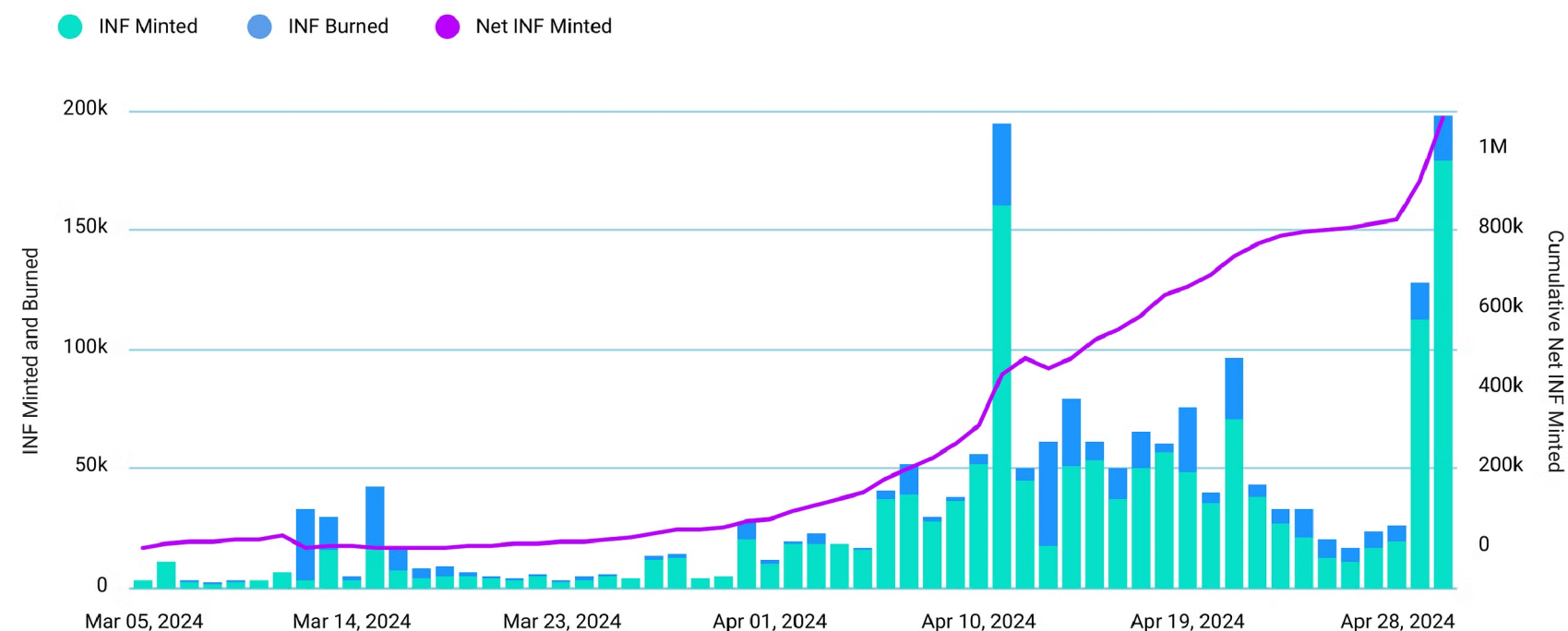
Users can deposit LSTs into the Infinity Pool to receive INF tokens, earning both staking rewards and trading fees.

As of April 30th, the protocol attracted 94k unique minters and minted 1.1M net INF tokens.

Sanctum Infinity Minters Per Day



Sanctum Infinity (INF) Tokens Per Day






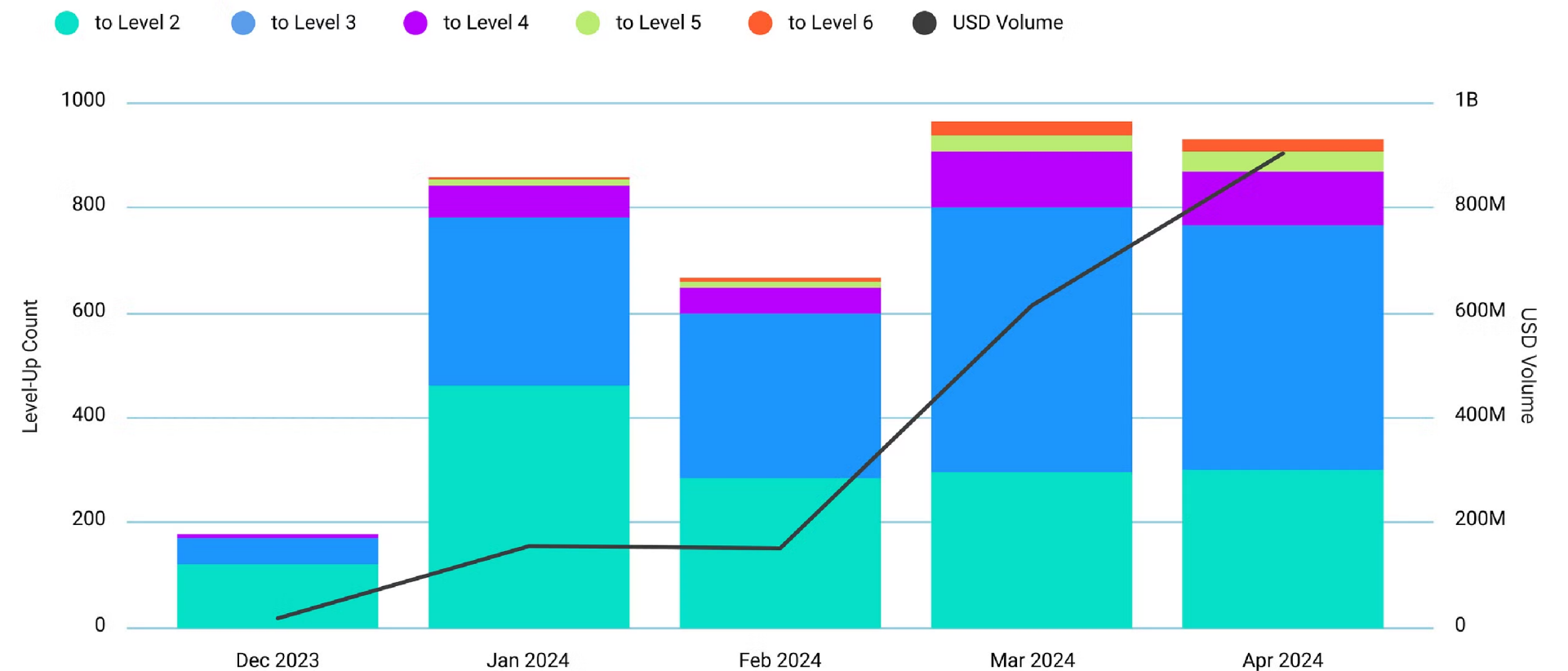
Flash Trade's DeFi x NFT campaign has proven effective.

The Flash Beast NFT collection aims to attract new users and retain them through level-ups.

Flash Trade has seen an increase in level-ups and perpetuals trading volume in recent months.

**Flash Trade NFT Level-Ups and Perpetuals Trading Volume
Per Month**

 Syndica



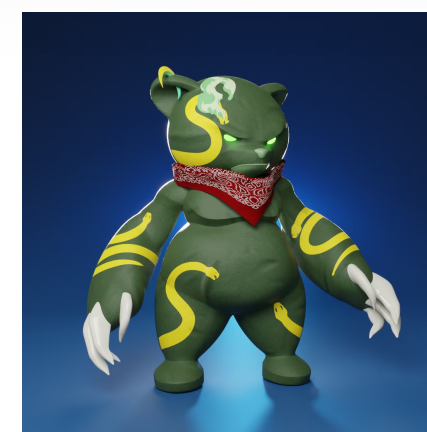
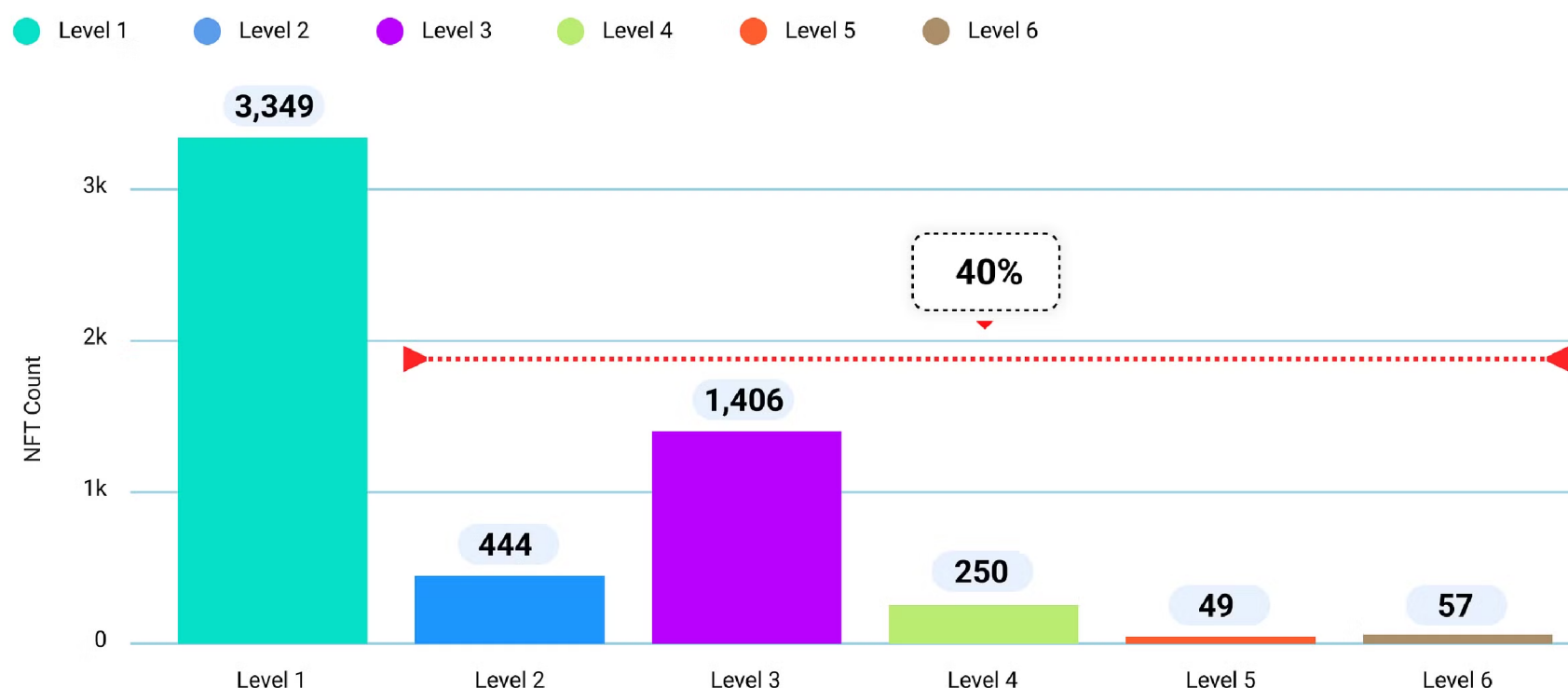


40% of Flash Trade's NFTs have advanced beyond Level 1.

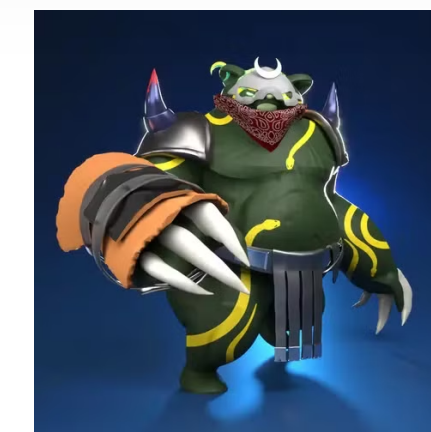
As Flash Beasts level up, holders gain higher referral rebates and trading fee discounts.

Flash Trade has indicated that higher level Flash Beasts hint at a larger airdrop.

Levels of Flash Beast NFTs
April 2024



Level 1 Flash Beast



Level 6 Flash Beast