

"A man is
great by
deeds, not by
birth"

-Chanakya

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A peer-to-peer lending application on blockchain to finance real-world assets

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A peer-to-peer lending application on blockchain to finance real-world assets

Abstract:

We propose a decentralized peer-to-peer money lending application with specific features that make it suitable to the Indian context. There are already several Decentralized Financial (DeFi) applications which enable peer-to-peer lending and borrowing of cryptocurrencies. We propose a similar application, but the wallet/dapp will hold the central bank digital currencies (CBDC) or fiat-collateralized stable coins, which can be used to purchase real world entities and thus contribute to the real economy. Users can register into the wallet using an Indian PAN number, but the wallet provider will not reveal the identity of the user unless there is a legal obligation. Anonymity helps to maintain the privacy and security of the users - whether the lender or the borrower. The borrower of the loan amount will have to submit the collateral in the form of non-fungible token (NFT) of ownership document, e.g. RC Book of a vehicle with governmental Motor Vehicles Deptt approval. The identity of the users will reveal only when the borrower defaults on the loan repayment. Further, then the ownership of the collateral will now be transferred to the lender's name.

Keywords: DeFi, smart contract, NFT, peer-to-peer lending, blockchain.

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