



GBBC GSMI 6.0

DECENTRALIZED FINANCE (DEFI)

KEY TAKEAWAYS



WHAT IS DEFI?

DeFi enables a wide range of financial services including lending, trading, payments, and asset management on open, programmable, and globally accessible blockchain networks without traditional intermediaries. These systems rely on transparent smart contracts, digital currencies, and decentralized governance to operate financial services digitally and autonomously.



IMPORTANCE OF DEFI GOVERNANCE

As DeFi grows, governance becomes the critical determinant of whether it can operate safely, legitimately, and at scale. Governance affects decision making, risk controls, decentralization, and user trust, and it has become a core issue that will shape DeFi's long-term viability. Governance through off chain mechanisms can be carried out through regulatory developments to facilitate compliance and widespread acceptance. Inherently for DeFi, decentralized governance is generally carried out by Decentralized Autonomous Organizations (DAOs) through a variety of mechanisms.



WHY IT MATTERS

DeFi's ability to evolve into a secure, resilient, and interoperable part of the global financial system depends on governance practices that can balance innovation, decentralization, and risk management.

WHAT IS INSIDE

This report outlines the key considerations for DeFi governance, drawing on global regulatory dialogues and ecosystem experience to clarify how governance must adapt, across regulation and protocol design.



Voting



Proposals



Smart Contracts to Execute Decisions



Delegation



Governance Tokens



Governance Updates

GOVERNANCE DIMENSIONS

REGULATORY GOVERNANCE

A technology-neutral, globally harmonized regulatory approach could allow DeFi's growth within familiar financial frameworks and reduce jurisdictional fragmentation.

PROTOCOL/DAO GOVERNANCE

Decentralized governance distributes authority across token holders, smart contracts, and communities - offering new coordination models but also creating new vulnerabilities and operational risks.

Governance that is transparent and built for global scale is the key to DeFi's long-term legitimacy and resilience 

ACCESS THE FULL REPORT