Twitter Thread by Calvin Chu



Calvin Chu
@calchulus

Here's the one thread you need to read on BSC to actually DYOR and stop listening to all these talking heads on Twitter:

1. last year, Binance launched a PoA-based EVM compatible chain, compatible with common tools like metamask, trustwallet, etc. It works with ur eth address

2. this point of interoperability is important, because a user doesn't need to deal with new wallets or infrastructure to use this chain, whereas past projects like Tron required you to download a new set of tools (TronLink wallet, use tronscan, etc.)

3. Disclaimer: This chain operates with 21 validators that have staked BNB. It is currently centralised, and can be conclusively described as permissioned (aka binance has selected who can operate these nodes and thus can have influence over this chain).

4. However, while that means the chain in theory could be manipulated by B, there are incentives to not screw over users' funds, double spend or rehypothecate anything. why? because it can jeopardise more lucrative business of https://t.co/1A08v5ds6f

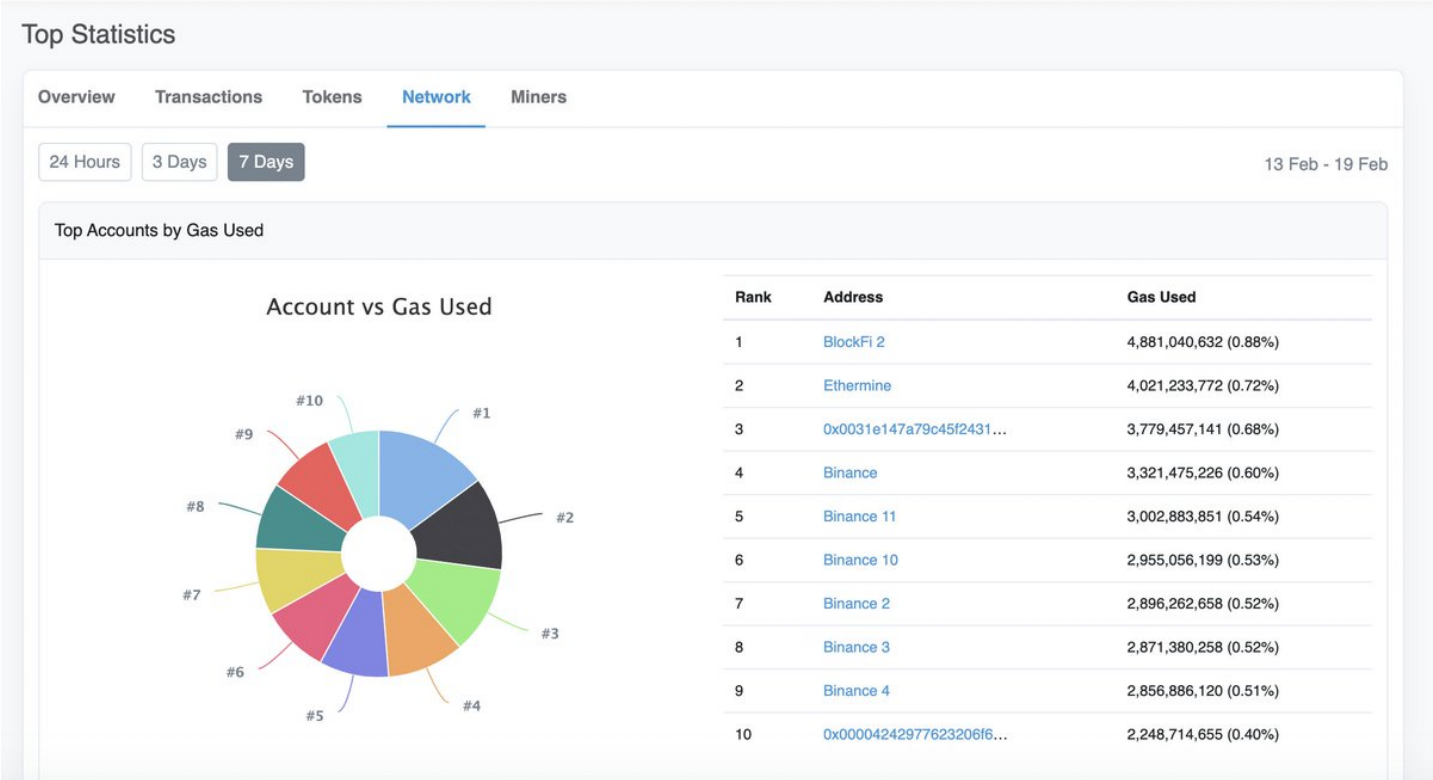
5. think of it like proof-of-staked reputation. These attacks put binance in the most likely position to be attacked by double spends or other malicious activity on chain, in which binance, which custodies the mainnet real assets of many chains, is on the hook if things go wrong.

6. if binance were to try to user's funds, it would make less money from seeing lost trust on its already-lightning-rod of a centralised exchange, and thus reduce its expected profitability in the long run. it's the sunk cost of a multibillion dollar business

7. many people still believe that asian exchanges are all fake volume, and that large countries like India, Russia, & China don't matter in terms of trading volume. But despite the incredible usage & popularity increase in things like @Uniswap and @SushiSwap,

8. Binance wallets take up 6 out of the top 10 top gas wallets spent in the world. Binance is Ethereum's biggest power user. This is no fake volume, this is real cost that binance needs to pay literally 3% of ALL gas paid on ETH. not just some lunch

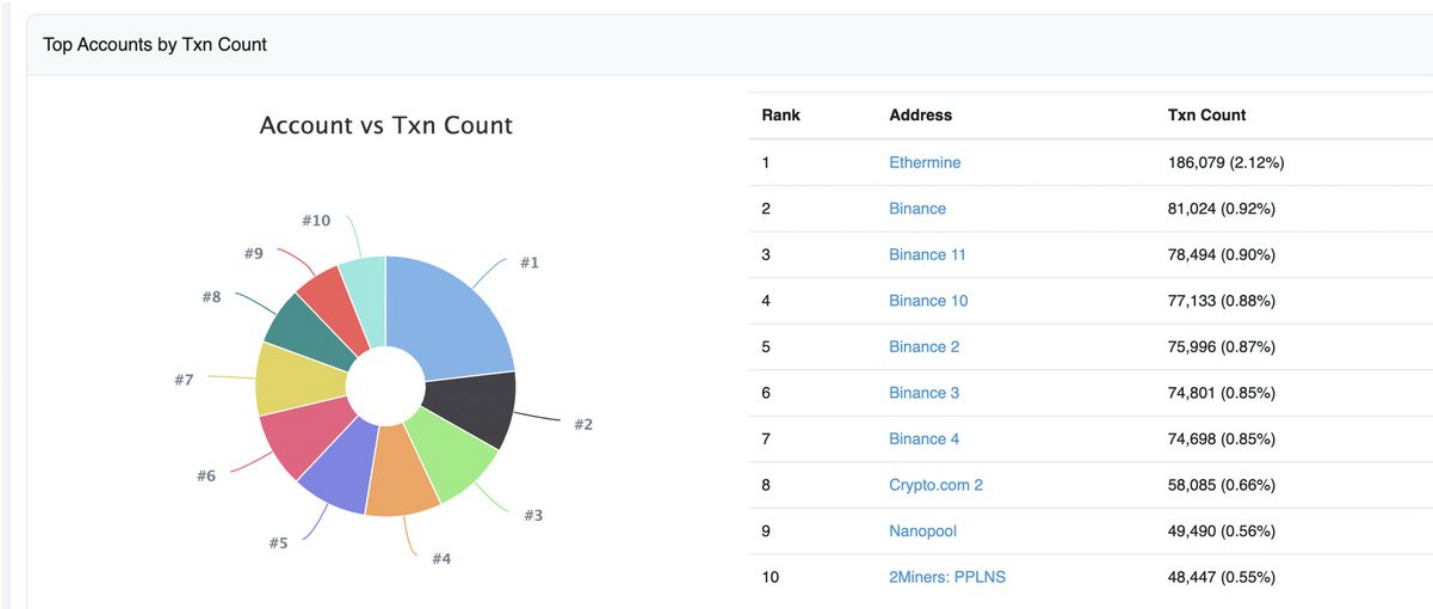
money.



Rank	Address	Gas Used
1	BlockFi 2	4,881,040,632 (0.88%)
2	Ethermine	4,021,233,772 (0.72%)
3	0x0031e147a79c45f2431...	3,779,457,141 (0.68%)
4	Binance	3,321,475,226 (0.60%)
5	Binance 11	3,002,883,851 (0.54%)
6	Binance 10	2,955,056,199 (0.53%)
7	Binance 2	2,896,262,658 (0.52%)
8	Binance 3	2,871,380,258 (0.52%)
9	Binance 4	2,856,886,120 (0.51%)
10	0x00004242977623206f6...	2,248,714,655 (0.40%)

9. While some folks portray BSC as trying to defeat everyone else and force people to use its tools, I think the data clearly shows that Binance simply doesn't want its users to pay 3% of all ETH network fees for withdrawals (this doesn't include deposits which users pay)

10. In a more impressive graph, binance withdrawals account for 5.1% of all transactions in the last week on Ethereum. Period. Both this graph and above courtesy of @etherscan https://t.co/Q4sA2LxNWX



Rank	Address	Txn Count
1	Ethermine	186,079 (2.12%)
2	Binance	81,024 (0.92%)
3	Binance 11	78,494 (0.90%)
4	Binance 10	77,133 (0.88%)
5	Binance 2	75,996 (0.87%)
6	Binance 3	74,801 (0.85%)
7	Binance 4	74,698 (0.85%)
8	Crypto.com 2	58,085 (0.66%)
9	Nanopool	49,490 (0.56%)
10	2Miners: PPLNS	48,447 (0.55%)

11. I repeat, no other exchange or organisation in the world pays more to use Ethereum. Idk, seems pretty logical to me that a business that passes along fees to its users would like to do something to help users not pay millions of dollars in fees.

12. Next, we get into the actual BSC itself. It's a centralised fork, but it is fully interoperable with Ethereum - meaning that smart contract developers can launch the same contracts they have on ETH. Minimal tweaking necessary. if you use truffle/hardhat, easy!

13. Next, for developers, 30% of all gas fees paid by users to interact with smart contracts are returned to smart contract developers to encourage adoption & incentive align devs to build useful things. https://t.co/3w0bC8nK8x

14. Add on the fact that it costs maybe 200x less to deploy a contract on BSC than ETH, it becomes an interesting testing ground for developers b/c it has:
a. users
b. cheap contract deploy costs
c. rebates if the product gets real usage

15. The most used contract in the BSC ecosystem in terms of gas fees is 0x05fF2B0DB69458A0750badebc4f9e13aDd608C7F, the @PancakeSwap router.
19 days into this month (roughly 2/3rds of this month), this contract alone has generated 12,233.34337 BNB spent by users

16. using an estimated current price of $300, thats about 3.6M USD that this contract alone has generated in $BNB fees spent. 30% goes to the devs of pancake which are used to buy back CAKE from the open market.

17. I repeat, a decentralised business on BSC earns 1.2M USD in WEEKLY fee revenue from this fee rebate program. That is a 60M dollar anuual revenue business from gas fee rebates alone, not even talking about any fees from the trading itself.

18. how many of your defi projects generate 60M revenue in a year in total? Even makerdao is on pace to barely scratch past $70M USD in MKR bought back and burnt.

19. anyways, those who say that this is all fake volume don't realise that binance withdrawals on ETH dominate 5% entire ethactivity; you could estimate that users spend an equal amount to deposit in to Binance, so ~10% ETH network activity could be attributed to binance.

20. Then you remember that Binance doesn't only operate on Ethereum. It supports over 600 trading pairs for all kinds of assets, and then you start to realise as a builder how large of an audience this is.

21. Binance Smart chain allows Binance to wrap and custody mainnet assets that are not as easy to wrap seamlessly onto ETH, or require costly bridges to wrap into smart contract chains. While it's not trustless, it is cheap, and users want to use their assets in smart contracts

22. This means that BSC is able to allow developers of lending pools, AMMs, etc. to support "cross-chain" assets out of the box, because you can let users trade DOTB (binance wrapped dot, when dot is not ERC20) versus ETHB.

23. This also means that cexes which do not support spot deposits of other assets b/c they lack integration resources to support every single mainnet token out there, doesn't have to now. They can just support BEP20 deposits and automatically support most assets binance has.

24. Thus, it's a win-win for other exchanges to support BEP20's too. One integration to rule hundreds of chains sounds like a pretty good deal to me, even if it means giving more power or control to one exchange or one entity.

25. anyways, twitter only allows me to make 25 tweets in a tweet thread, but maybe this will explain the economic reasons why BSC should've been built by an exchange like binance. Maybe later this week i'll dive into why BSC makes sense for the end user, cheers