

Yield Farming on Binance Smart Chain

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As DeFi continues to make waves and maintain its parabolic growth since the summer of 2020, yield farming remains a popular tool for generating returns from long-term holdings. For the uninitiated, yield farming is simply the act of staking your assets into a platform to earn yield, usually in the form of governance tokens or the staked asset. As new platforms are constantly introduced into the ecosystem at a steady rate, yield farmers are always on the lookout for the highest returns. In traditional terms, this is similar to depositing funds into whichever bank that offers the highest interest rate, albeit with much more astronomical figures.

With the Ethereum network getting congested lately, gas fees have increased significantly, even for simple transactions. The increase in gas fees has squeezed out many users from using the Ethereum blockchain as it is no longer economically feasible. DeFi activity on Ethereum is now mainly left to larger whales, who have hundreds of thousands of dollars at their disposal and can easily cover their transaction costs, in little to no time.

Although one of the key points of yield farming, barring the extravagant incentives, has been to ensure a fair distribution of rewards, the barriers of entry have simply become financially unreasonable for those with lesser capital.

This conundrum has kick-started a wave of yield-farming movements on alternative networks such as Binance Smart Chain (BSC), where transactions can cost anywhere from a few cents to a couple of dollars. While whales can still migrate over to BSC and earn their yield, the lower transaction costs have made it economically feasible for newcomers and developers to participate.

How To Get Started

There are several alternatives for depositing your funds onto the Binance Smart Chain. Here, we will outline 2 of the most popular ways:

1. Withdrawing funds from Binance to Binance Smart Chain
2. Transferring funds using the Binance Bridge

1. Withdrawing Funds from Binance to BSC

Binance users can withdraw their funds from Binance directly to their BSC Wallet. Do make sure that the funds are indeed compatible and available on BSC, and that you have selected the correct network to withdraw the funds to.

Note the difference in fees between the different networks. Withdrawals through BSC cost only around 20 cents, compared to the Bitcoin and Ethereum networks which cost approximately \$25 and \$15 respectively.

Transfer network ⓘ

<input type="radio"/>	Binance Chain (BNB) BEP2	Fee:0.0000047 BTC ≈ \$0.227278
<input checked="" type="radio"/>	Binance Smart Chain (BSC) BEP20 (BSC)	Fee:0.0000038 BTC ≈ \$0.183757
<p>Reminder: For the safety of your funds, please confirm again that the network you wish to use is BSC.</p>		
<input type="radio"/>	BTC	Fee:0.0005 BTC ≈ \$24.18
<input type="radio"/>	Ethereum (ETH) ERC20	Fee:0.00031 BTC ≈ \$14.99

Much like Ethereum addresses, BSC addresses start with '0x' and you can connect your Metamask wallet to BSC directly. If you are a first-time user of BSC, you may need to create a custom RPC. Below are the details to connect to BSC:

Network Name: Smart Chain

New RPC URL: <https://bsc-dataseed.binance.org/>

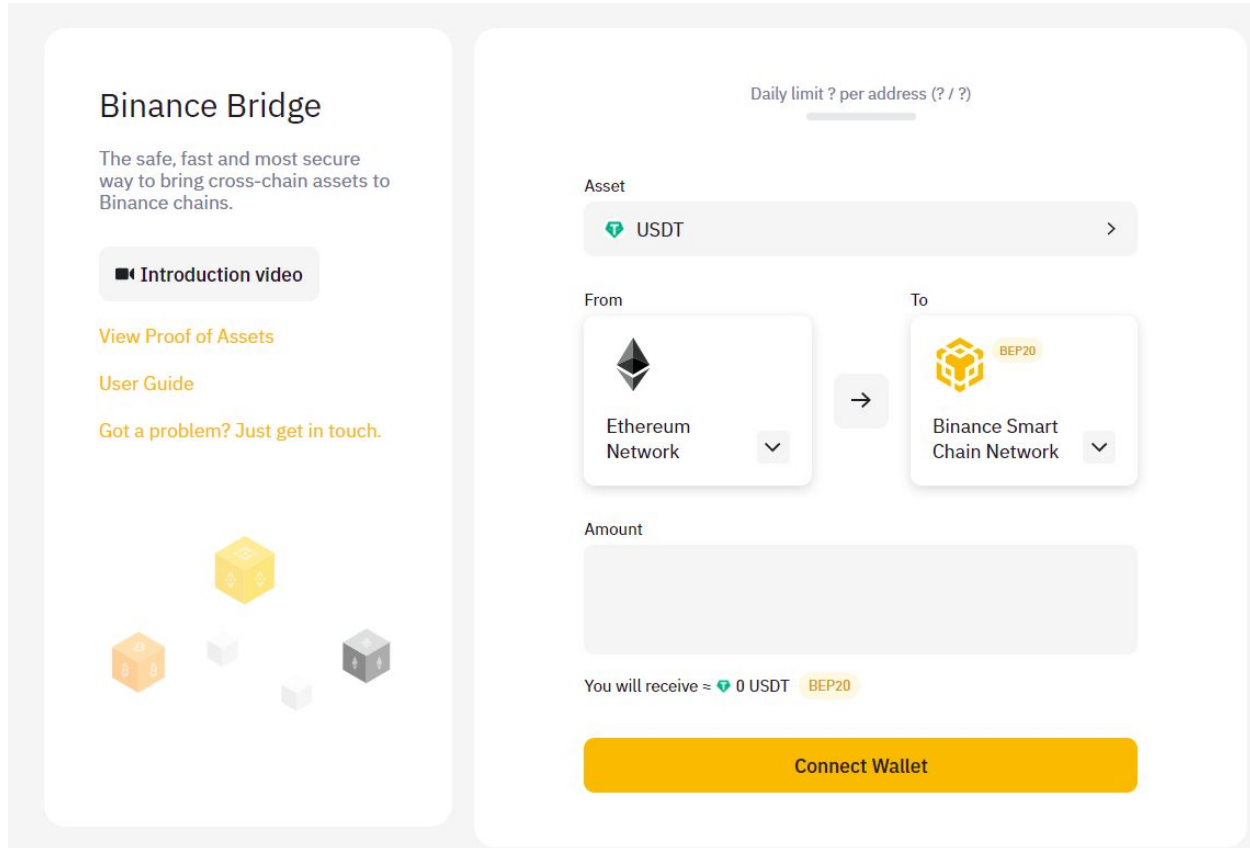
Chain ID: 56

Symbol: BNB

Block Explorer: <https://bscscan.com>

2. Transferring funds using the Binance Bridge

Alternatively, you can use the Binance Bridge to transfer funds from the Ethereum, TRX, or Binance Smart Chain Network. Note that only certain assets are supported for each network and there is a daily limit to how much you can send over to BSC.



The screenshot displays the Binance Bridge interface. On the left, there is a sidebar with the title "Binance Bridge" and a description: "The safe, fast and most secure way to bring cross-chain assets to Binance chains." Below this are links for "Introduction video", "View Proof of Assets", "User Guide", and "Got a problem? Just get in touch." The main area on the right is titled "Daily limit ? per address (? / ?)". It features a dropdown menu for "Asset" set to "USDT". Below this are two columns: "From" and "To". The "From" column shows the "Ethereum Network" with a dropdown arrow. The "To" column shows the "Binance Smart Chain Network" with a dropdown arrow. A right-pointing arrow is between the two columns. Below the network selection is an "Amount" input field. At the bottom, it says "You will receive ≈ 0 USDT" with a "BEP20" label. A large yellow button labeled "Connect Wallet" is at the bottom.

For both methods, it is important to note that the Binance Smart Chain is not gas-free. Much like Ether is used for paying transaction fees on Ethereum, BSC uses Binance Coin ([BNB](#)) as its native token for gas fees. As such, do also transfer some BNB to your BSC wallet before you embark on your yield-farming adventures.

Yield Farms

Now that you have loaded up your wallet with some assets and BNB, you are ready to explore the world of DeFi on BSC. Drawing parallels to the DeFi summer of 2020, many unique and cloned yield-farming platforms have mushroomed in the ecosystem, creating a constant stream of opportunities for the avid yield farmer.

With so many projects to keep track of, we have divided them into a few categories - decentralized exchanges, yield aggregators, and NFTs. Do note that this is not an exhaustive list, but they are a good place to start for newcomers coming into the BSC ecosystem.

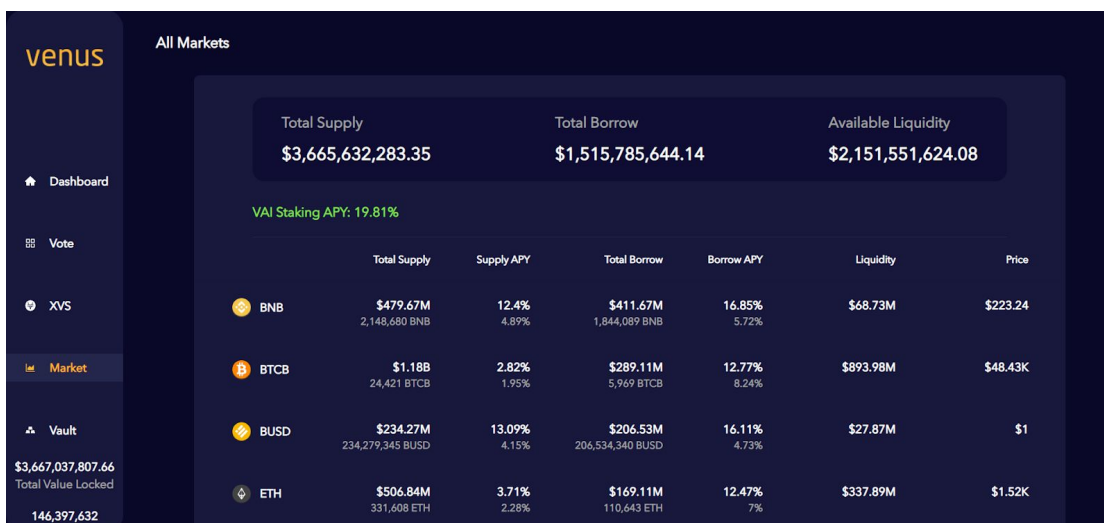
Lending Platforms

Similar to lending and borrowing in a traditional financial institution, lending platforms are among the simplest ways to start yield farming. [Venus Protocol](#) is currently the top lending platform on BSC, with over \$3 billion in Total Value Locked (TVL). Operating in a similar vein to Maker on the Ethereum network, users can take out loans by providing over-collateralized assets. These loans can be in the form of other assets, or the platform's stablecoin, [Vai](#).

Returns on deposits may vary based on the supply and demand for borrowing. In general, higher demand for borrowing or lower supply for lending will push interest rates higher, allowing depositors to earn a higher APY.

Users of the protocol may act as lenders by depositing various supported cryptocurrencies or digital assets to earn interest. These deposits act as a supply for which they can be used as collateral for loans or to mint synthetic stablecoins.

Suppliers will receive different vTokens based on the deposited assets, representing their claim on the underlying collateral. Although this is one of the safer ways to yield farm, the returns are relatively lower, and smart contract failure risks are still prevalent.



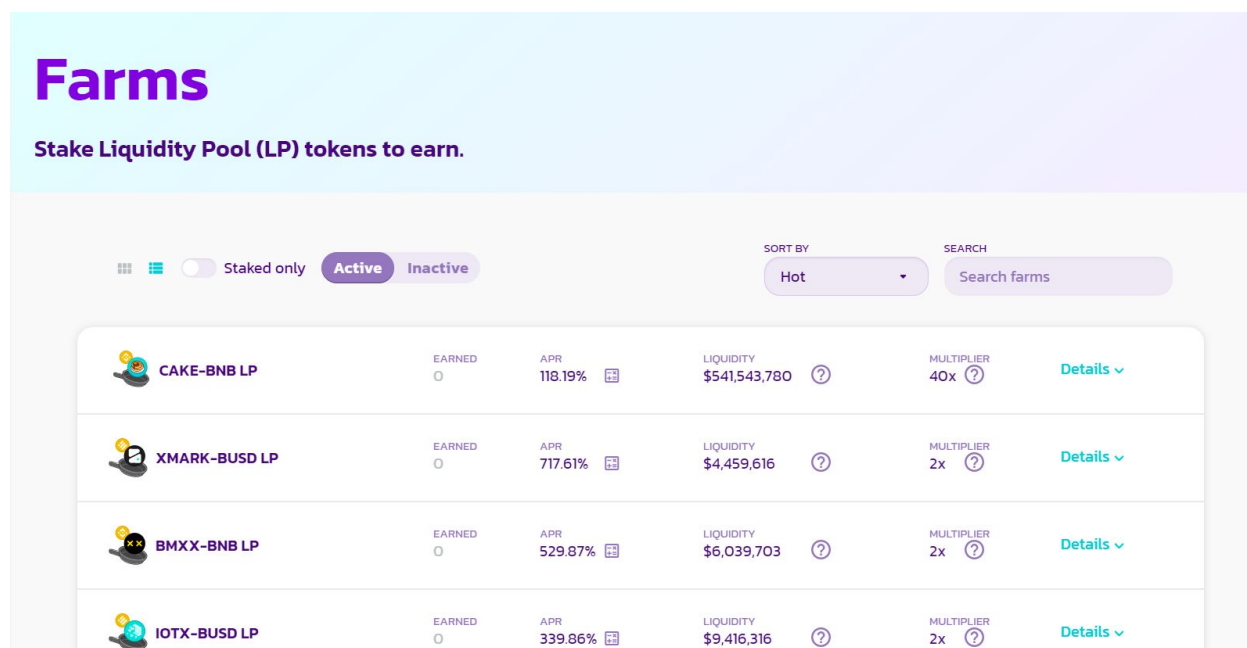
The screenshot shows the Venus Protocol dashboard with the following data:

Total Supply		Total Borrow		Available Liquidity		
\$3,665,632,283.35		\$1,515,785,644.14		\$2,151,551,624.08		
VAI Staking APY: 19.81%						
	Total Supply	Supply APY	Total Borrow	Borrow APY	Liquidity	Price
BNB	\$479.67M 2,148,680 BNB	12.4% 4.89%	\$411.67M 1,844,089 BNB	16.85% 5.72%	\$68.73M	\$223.24
BTCB	\$1.18B 24,421 BTCB	2.82% 1.95%	\$289.11M 5,969 BTCB	12.77% 8.24%	\$893.98M	\$48.43K
BUSD	\$234.27M 234,279,345 BUSD	13.09% 4.15%	\$206.53M 206,534,340 BUSD	16.11% 4.73%	\$27.87M	\$1
ETH	\$506.84M 331,608 ETH	3.71% 2.28%	\$169.11M 110,643 ETH	12.47% 7%	\$337.89M	\$1.52K

Additional dashboard metrics: Total Value Locked: \$3,667,037,807.66; Total Value Locked: 146,397,632.

Decentralized Exchanges

Arguably one of the most popular places for yield farming, decentralized exchanges (DEXs) allow users to provide liquidity for the platform in exchange for liquidity provider (LP) tokens. These LP tokens can then be further staked into many different pools to earn both transaction fees and additional tokens.



Farms
Stake Liquidity Pool (LP) tokens to earn.

Staked only **Active** Inactive

SORT BY: Hot

SEARCH: Search farms

Farm	EARNED	APR	LIQUIDITY	MULTIPLIER	Details
CAKE-BNB LP	0	118.19%	\$541,543,780	40x	Details
XMARK-BUSD LP	0	717.61%	\$4,459,616	2x	Details
BMXX-BNB LP	0	529.87%	\$6,039,703	2x	Details
IOTX-BUSD LP	0	339.86%	\$9,416,316	2x	Details

Functioning similarly to [Uniswap](#) and [Sushiswap](#) on Ethereum, [PancakeSwap](#) is currently the most used DEX on BSC, recording over \$970,000,000 in daily trading volume as of 5th March 2021. However, they have also incorporated some innovative features such as lotteries and initial farm offerings (IFOs). With so many farms to choose from, almost any liquidity provider can start staking their LP tokens on the platform to earn [CAKE](#), which is PancakeSwap's governance token.

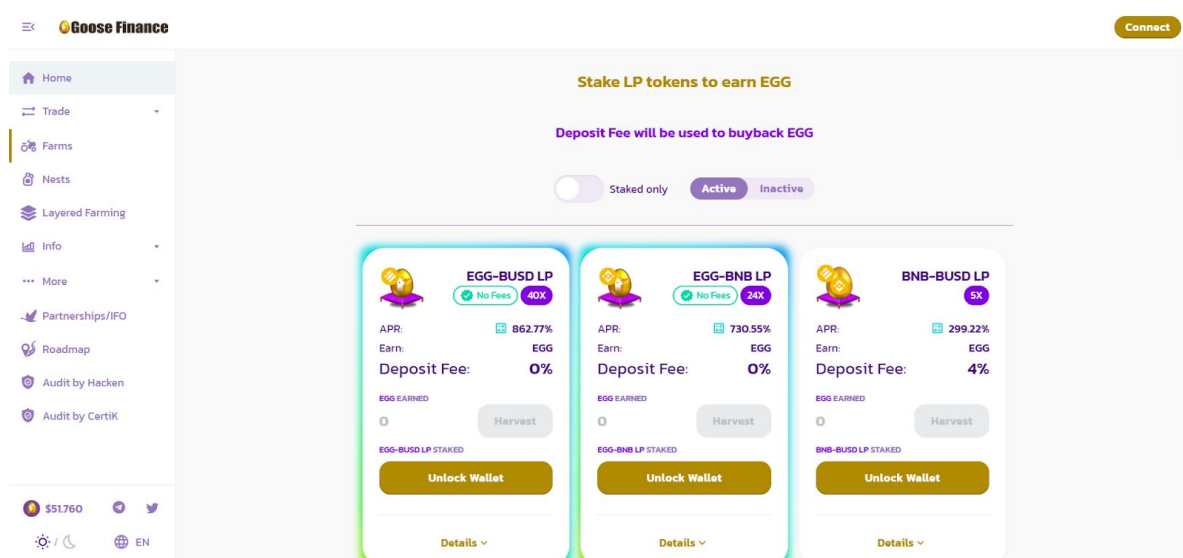
Users pay a trading fee of 0.2% to swap tokens on PancakeSwap. 0.17% of the fees are given to Liquidity Providers, while the remainder 0.03% are sent to the PancakeSwap treasury.

Besides the existing farms, PancakeSwap also provides [single-asset Syrup Pools](#), allowing farmers to deposit an asset of their choice to earn CAKE or new tokens from up-and-coming projects on BSC. Essentially, Syrup Pools act as a platform for obscure projects to gain more awareness and adoption from the community. If impermanent loss is a real concern and you want to show your support for the little guys, Syrup Pools may be more suitable for you.

An alternative DEX to consider is [BakerySwap](#), where you can earn [BAKE](#) tokens instead. Besides the conventional yield-farming methods, users can also earn more BAKE by creating and staking Combo Meals, a form of NFT that can be divided into four tiers. This is done by

contributing BAKE tokens, where the more BAKE that is contributed, the higher the combo that will be received. They can also be bought and sold at the NFT supermarket on BakerySwap.

After the success of PancakeSwap, many decentralized exchanges have mushroomed into the space, with some of them bringing along an interesting ‘buyback and burn’ mechanic. One of the first projects to implement this mechanism on BSC is [Goose Finance](#). A common characteristic of these farms is the deposit fees that they charge on non-native token pairs. For example, there is a 0% deposit fee on EGG pairs, which is Goose Finance’s reward token, while on other asset pairs, there is a 4% deposit fee. The deposit fees are used to buy back the reward token and subsequently burn them.

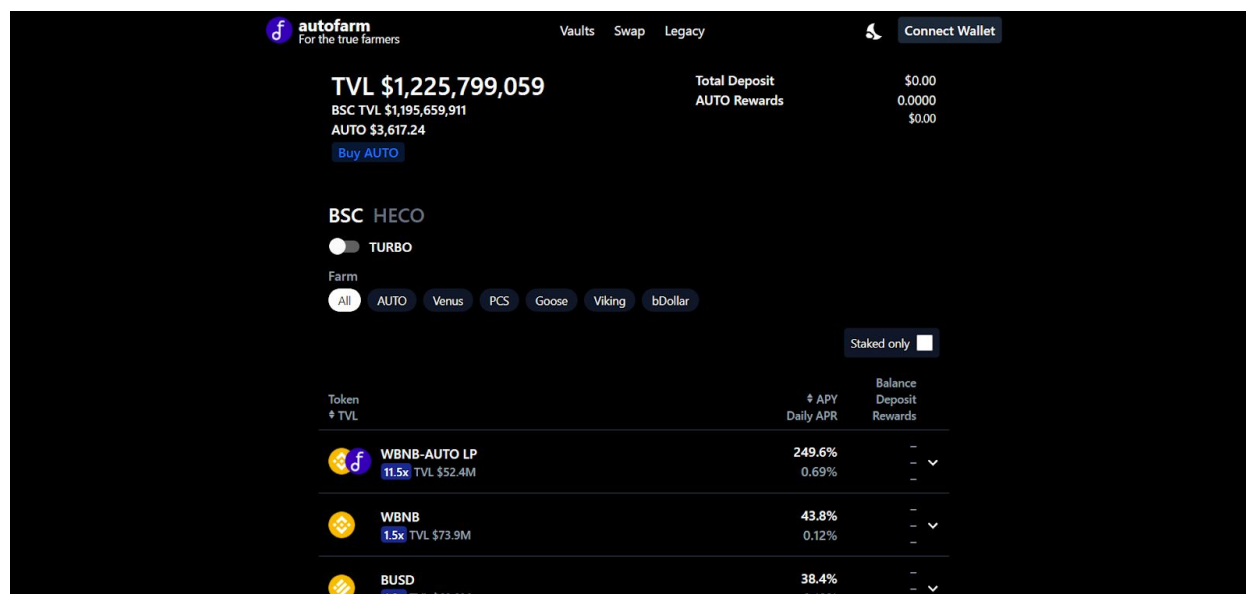


This mechanism has proven to be quite popular, spawning multiple clones such as [Viking Swap](#) and [Pasta Finance](#). However, these protocols have specific variations in their deposit fees and buyback policies. For example, Goose Finance uses 75% of the deposit fees to buyback and burn, while Viking Swap uses 80%. Pasta Finance charges only half the deposit fee, at only 2%.

Recently, Goose Finance has also introduced a new concept of layered farming. Layered farming is a perpetual farming tool that allows yield farmers to enjoy a constant stream of high-APY rewards. In essence, the idea is similar to jumping from site to site to chase the highest yields, but instead, these ‘sites’ are hosted on Goose Finance.

Yield Aggregators

While Ethereum has [Yearn](#) and [Pickle](#), BSC has [Autofarm](#) and [ACryptoS](#). Users can deposit their assets or LP tokens into these platforms to earn the protocol’s tokens or even more LP tokens. These platforms pool together liquidity to engage in automated yield optimization strategies, helping users to socialize gas costs while earning the best returns.



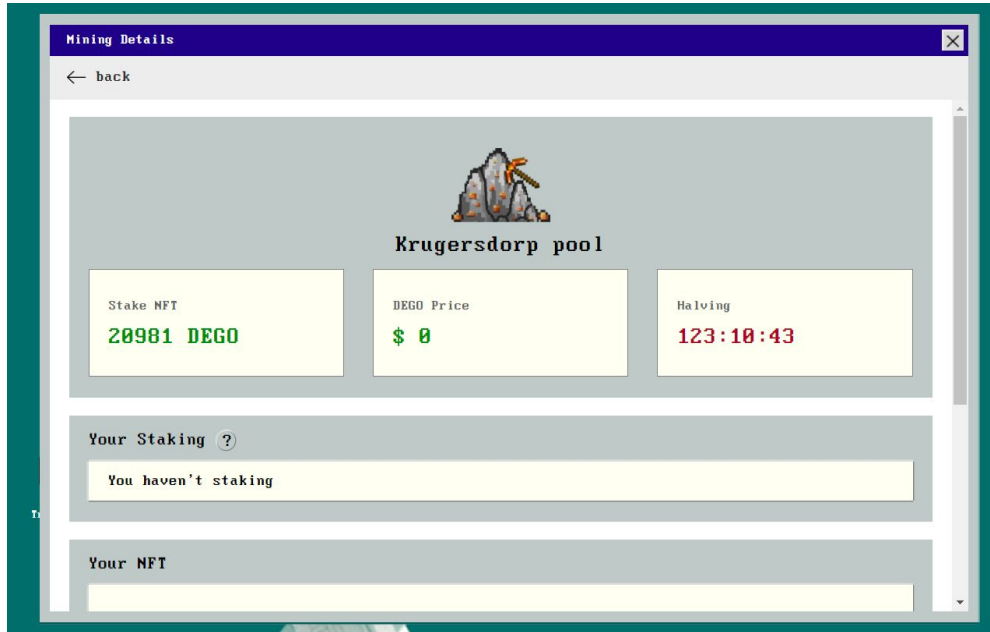
For example, Autofarm provides yield by continuously compounding the underlying deposits via the emission of AUTO tokens. On the other hand, ACryptoS only compounds the underlying deposits automatically, therefore not requiring any harvesting.

Besides that, there are other notable yield farms such as [Beefy.Finance](#) and [Pancake Bunny](#), all of which charge varying platform and withdrawal fees. Although this is no different than using yield aggregators on Ethereum, the lower transaction fees make it more appealing to small capital investors, who may take a long time just to break even on paying Ethereum gas fees.

Non-Fungible Tokens (NFTs)

If regular old-fashioned yield farming doesn't tickle your fancy, then maybe a splash of NFTs might just do the trick. [DeGo Finance](#) lets users stake NFTs to farm for assets. Users can use any DEGO or BEP-20 tokens to mint an NFT, which is randomly generated and can be categorized into six distinct grades: bronze, silver, gold, platinum, diamond, and kryptonite.

Each NFT has its own productivity level, which determines its mining efficiency. Higher grades of NFTs will have higher mining efficiency, with kryptonite being the highest. Both the par value of the NFT, which is based on the value of tokens used for minting, as well as the mining efficiency will determine the mining power of the NFT. In other words, its ability to generate yield.



In a nutshell, higher mining power equals higher yield. However, you can't just stake every rare NFT that you can get your hands on since the value of the staked NFT in any of the pools is capped at 200 DEGO for each address.

Final Thoughts

The Binance Smart Chain is still very much an untamed wilderness, full of new projects to explore and interact with. It has become reminiscent of DeFi summer on Ethereum, where a new yield farm would pop up every day, and everyone would constantly be on the lookout for the latest and juiciest yields. The main difference now is that almost everybody gets to take part in the action, with transaction fees becoming less of a concern to retail farmers and newcomers alike.

Yet, danger still lurks in the BSC jungle. Not every project is as safe as it seems, and it always pays to verify instead of having complete faith. With that in mind, stay safe and happy farming!