Kinect Finance: The world's first deflationary Community Farming Protocol (CFP)

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Abstract

The Kinect Protocol aims to solve the problems of other existing yield farms, yield aggregators, staking platforms, and farming rewards. Yield farming often looks very attractive to investors due to extremely large interest rates. Although, a problem in today's defi ecosystem is that rewards often have to be paid out by using artificial inflation. This is a problem but is also necessary for these protocols to function, because without inflation, platforms wouldn't be able to offer enticing interest rates to investors. Although, it gives participants little reason to want to hold the token because it will be losing value as it becomes more diluted. Historically yield farming platforms will have great price action at first, as their large interest rates attract new investors and a large amount of capital to the platform. However, once the rate of new users onboarding starts to peak and there is less new capital buying up the tokens that are being minted. It ends up with the price starting to consistently decline as the market gets more and more diluted with freshly minted tokens and sell pressure builds up. The Kinect Protocol has been developed in a way that solves all of these problems and uses it beneficially.

1. Introduction

The Kinect Protocol is designed in a way where everyone who participates in the Community Farming Protocol is directly benefiting themselves and everyone else equally. By lending capital to the protocol you are going to earn rewards at competitive interest rates in the native token KNT. This token will also be acting as the protocol's governance token and give you partial ownership of the protocol. What makes KNT different compared to other reward tokens is that it is completely deflationary (Section 2. Burn Mechanics) and also gives you ownership of the protocol which will pay you a portion of all network fees providing a long-term passive income (Section 3. Governance). The protocol will generate rewards by lending its capital to the best performing protocols on the Binance Smart Chain and generate interest on the backend. The protocol will then convert all interest into the native token KNT by directly buying it off of the open market. This will allow you to be paid in our deflationary reward while also providing continuous buying pressure and appreciating the price of KNT for all other protocol participants.

(Diagram on page 2)

2. Burn Mechanics

At launch, there will be a max supply of only 1,000,000 KNT. After that point, the protocol will continuously burn 5% off all rewards the protocol generates. This will also be locking more liquidity, which will further decentralize the protocol. Once the circulating supply hits 500,000 the burn functions on the protocol contracts will come to a stop. At that point, the contracts will instead send the 5% of KNT it would have burned to our Dividend Vault instead (Section 4. Dividend Vault). This will double the dividend payments to those who stake KNT in the vault and set the project up for long-term success and growth.

3. Governance

Our native token KNT will also act as the protocol's governance token. All participants will have the ability to stake their KNT earnings in our Dividend Vault (Section 4. Dividend Vault) to earn a portion of all protocol fees (5% of all rewards and all deposit & withdrawal fees). These fees will be paid to stakeholders in the form of KNT dividends which will give them the ability to yet compound their rewards and gain more ownership of the protocol.

4. Dividend Vault

Every participant will have the opportunity to become a partial owner of the protocol by staking their KNT in our dividend vault. The protocol will distribute 100% of all fees proportionally to all stakers in the form of KNT. Participants will be given the ability to compound their earnings to become a larger owner with zero fees. However, there will be a 3% withdrawal fee that would be distributed to all stakers. This will ideally keep more tokens out of circulation which will allow for greater token appreciation from our protocols built-in buying pressure.

Network Fee Breakdown:

Reward Fees (On all interest the protocol generates)	Vault Deposit Fees (Only on select vaults)	Dividend Vault Withdrawal Fee
5%	1-5%	3%

Community Farming Protocol Diagram: