

DeFi Lending Protocol Audit Checklist

Use this checklist to evaluate the safety, transparency, and resilience of a DeFi lending protocol before supplying capital.

- Understand the protocol's lending model (collateralization, assets, rates)
- Review smart contract audits and note unresolved risks
- Confirm contracts are open-source and assess upgradeability
- Analyze TVL trends over time, not just current TVL
- Evaluate borrowing utilization and liquidity depth
- Review liquidation thresholds and execution speed
- Assess liquidation liquidity and slippage risk
- Identify oracle providers and price update frequency
- Check external dependencies (bridges, wrapped assets)
- Understand governance structure and voting power
- Confirm multisig size and timelock protections
- Stress-test protocol behavior during market volatility
- Compare DeFi risks and benefits against CeFi alternatives

This checklist is for educational purposes only and does not constitute financial advice.