



Bitcoin DeFi Builders 2025

PREPARED BY ARCH NETWORK

Table of contents

0 1	Key Takeways
0 2	Overview
0 3	The Growth of Bitcoin DeFi
0 4	Survey
0 5	Building on Bitcoin
0 6	Trends & Adoption

Key Takeaways

- 44% chose Bitcoin DeFi for its security and decentralization. Bitcoin is seen as the most trustworthy foundation for trustless finance
- 43% find Bitcoin's limited smart contract functionality the biggest challenge
- 36% hold Bitcoin long-term in cold storage, favoring self-custody
- 36% don't engage in Bitcoin DeFi yet due to a lack of trust in existing platforms
- 25% avoid Bitcoin DeFi because of high risk and fear of loss
- 60% see smart contract exploits as the biggest security risk
- 45% want better infrastructure to grow Bitcoin DeFi
- 43% want wider Layer 2 adoption for scalability
- Many developers work on Ethereum (63%), Solana (47%), and Base (44%) too, due to better tools, liquidity, and programmability. Bitcoin-native builders mostly focus only on Bitcoin

Key Takeaways: What to expect from Bitcoin DeFi

Bitcoin DeFi is evolving rapidly, with users favoring practical, yield-generating use cases that are showing early product-market fit and growing developer activity. As for primary adopters, most respondents (52%) see Bitcoin-native users, followed by cross-chain DeFi users (39%), signaling a new user base blending Bitcoin ideology with broader DeFi trends.

59%

LENDING & BORROWING

Users value earning yield or accessing liquidity without selling BTC, especially in volatile markets. This is seen as Bitcoin's most immediate and practical DeFi use.

41%

STABLECOINS

Bitcoin-backed stablecoins are emerging to enable onchain trading, lending, and savings within the ecosystem. Respondents see them as key infrastructure for expanding Bitcoin DeFi.

32%

DECENTRALIZED EXCHANGES

Bitcoin-based DEXs are growing, providing non-custodial trading and tackling scalability issues. Respondents see them as key to reducing dependence on centralized platforms.

29%

REAL-WORLD ASSETS

Tokenized assets like real estate are emerging on Bitcoin, unlocking yield and expanding its use. Respondents see RWAs as a promising path to connect Bitcoin with real-world economic activity.

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Bitcoin's true potential lies beyond being a passive store of value. As a \$2 trillion asset, unlocking its liquidity to build a truly open and permissionless financial system on its base layer is the next frontier. Bitcoin DeFi is the greatest opportunity not only for crypto, but for financial innovation as a whole.



Matt Mudano

Co-founder and CEO of Arch Network

Bitcoin DeFi Builders 2025

The team at **Arch Network**, which is building the rails for a Bitcoin-denominated world, has explored the current landscape and momentum behind Bitcoin DeFi, supported by a survey of 125 builders, investors, and users including key figures from VoltFi, DPI Capital, Arkova, Ordbit, and other leading projects at the forefront of the ecosystem.

OVERVIEW

DeFi has reshaped finance by removing intermediaries from lending, trading, and asset management. Ethereum led the revolution with smart contracts and a robust developer ecosystem, driving its total value locked TVL from \$1B in mid-2020 to over \$62B by 2025 and powering thousands of DApps for millions of users.

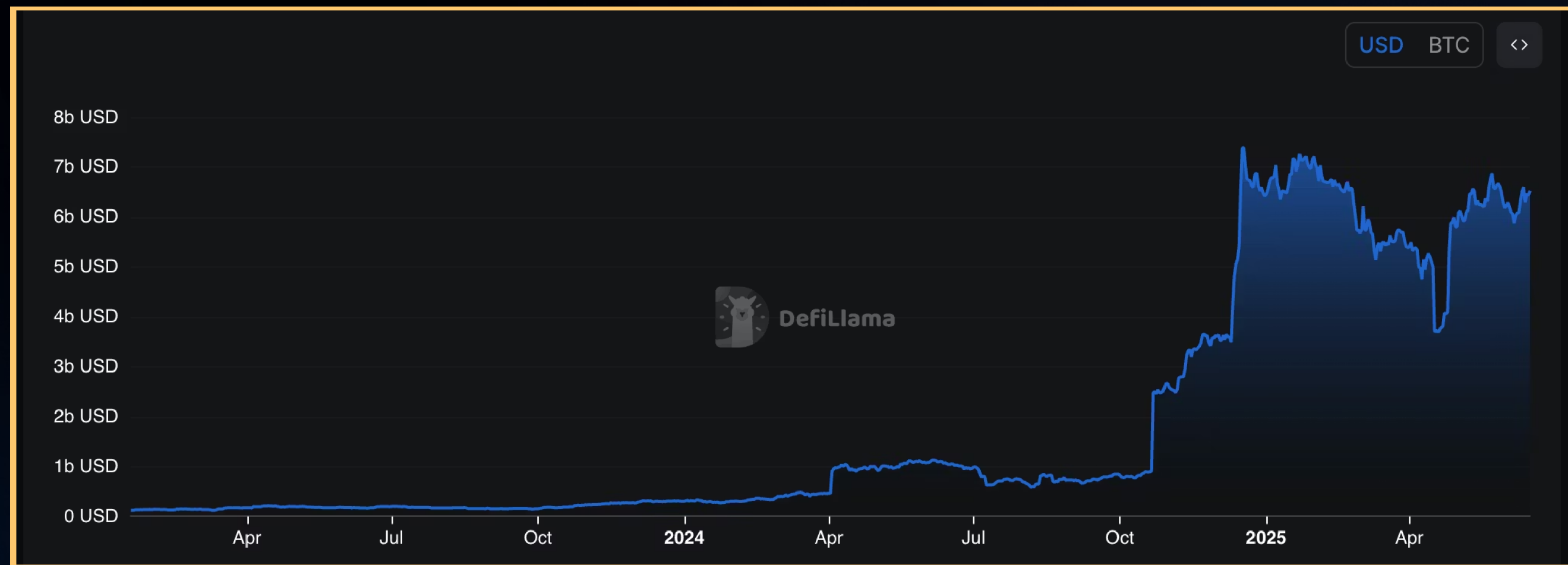
But now, the narrative is evolving. A new wave of builders is bringing DeFi to Bitcoin, leveraging its unmatched security and untapped liquidity to build a more resilient financial ecosystem. Many view Bitcoin as the next DeFi frontier, set to even outpace Ethereum. As this momentum grows, Bitcoin's role as a foundational layer for DeFi is becoming increasingly undeniable.

Why now?

- Bitcoin's native programmability is being unlocked through Layer 1 innovations and protocols.
- Institutional interest in Bitcoin remains high post-ETF approval, with the growth of BTC treasuries.
- User demand for secure, composable financial tools on Bitcoin is rising.

The growth of Bitcoin DeFi

- Bitcoin DeFi has experienced a massive surge in TVL over the past 18 months, growing from \$307 million in January 2024 to \$6.5 billion by December 2024. As of July 2025, TVL remains strong at **\$6.36 billion**, representing a **2,000% increase** in just over a year. This surge was fueled by new protocol launches, emerging token standards, institutional inflows, a major price rally pushing BTC to an all-time high, and the rise of liquid restaking.

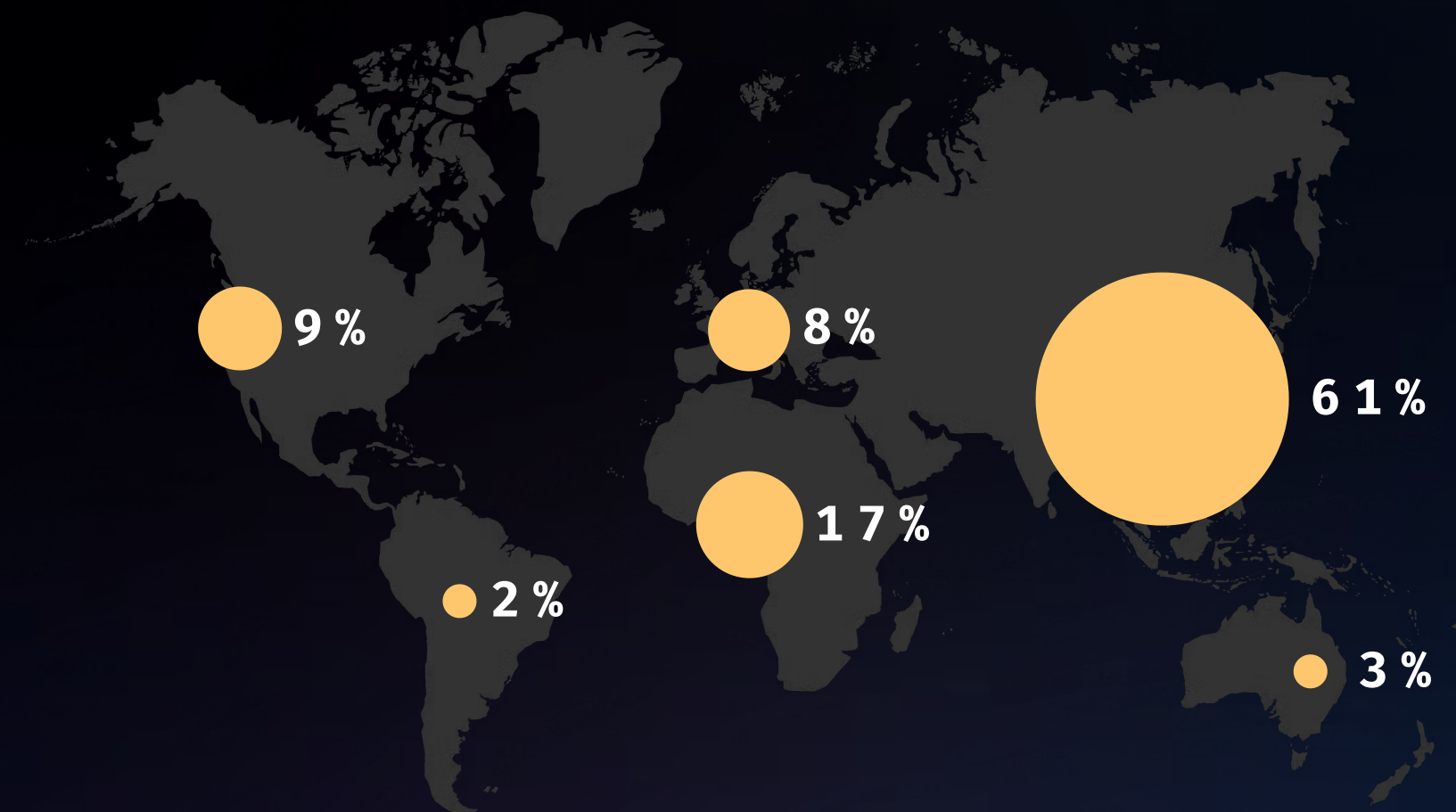


Bitcoin DeFi TVL (DefiLlama)

Survey

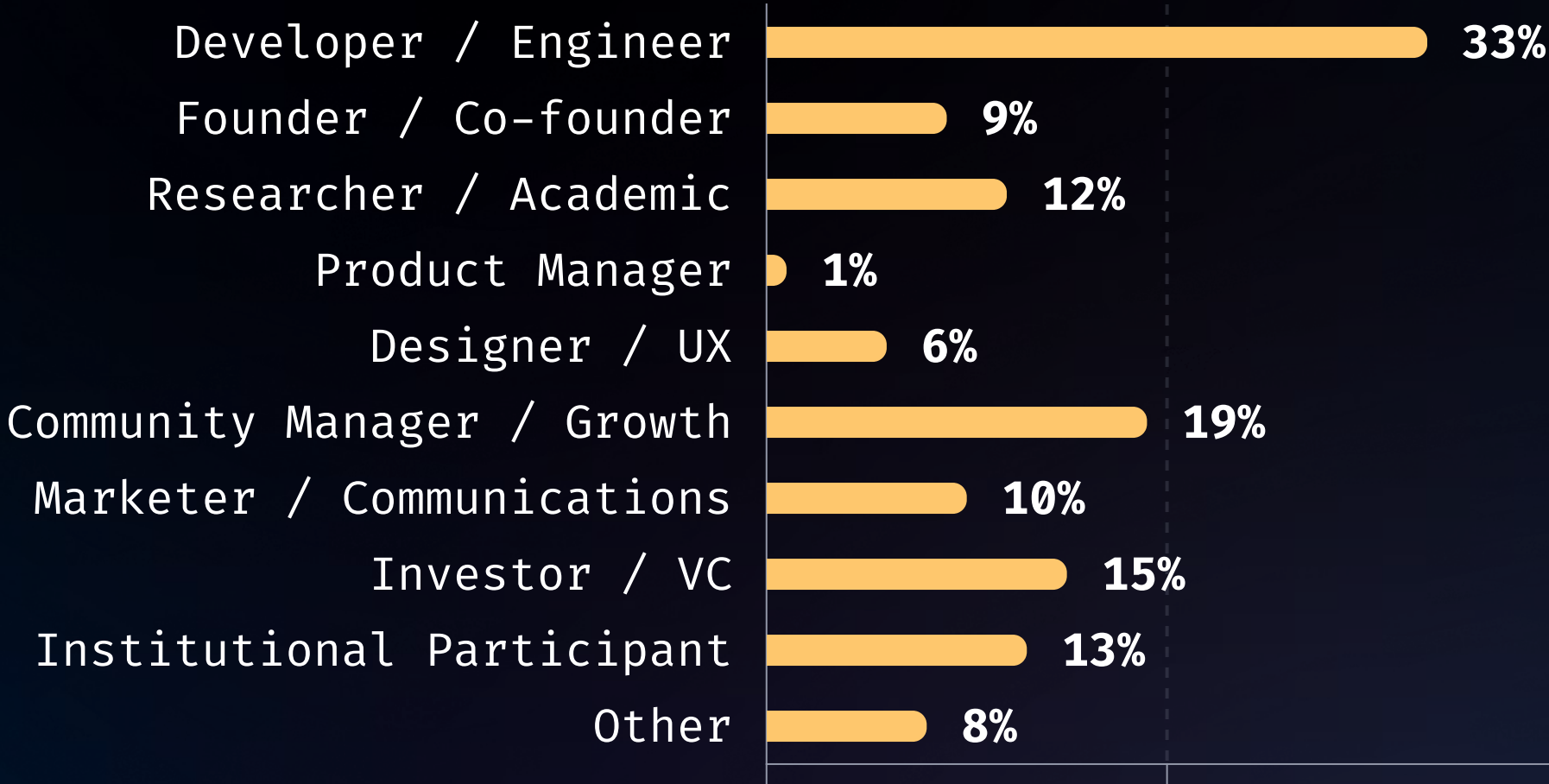
Who's buidling Bitcoin DeFi?

- Bitcoin DeFi is attracting both veterans and newcomers with the majority of respondents based in Asia (61%), followed by Africa (17%).
- Most respondents (40%) have been in the blockchain space for 1–3 years, 26% for 3–5 years, and 18% for over 5 years. 37% have been involved in Bitcoin DeFi specifically for 1–3 years, while 26% joined in just the last year, followed by 24% for 3-5 years and 13% more than 5 years.



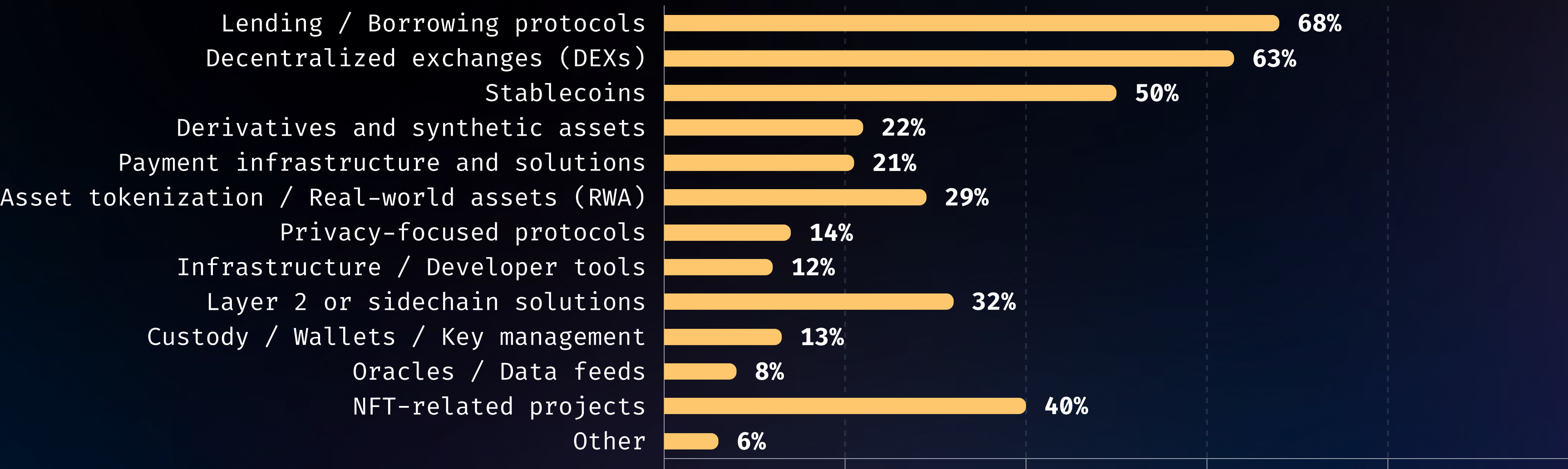
Who's buidling Bitcoin DeFi?

- Our survey captured insights from a broad group of Bitcoin DeFi contributors, with 33% of respondents being developers and engineers, followed by community managers and growth leads (19%), investors and VCs (15%), and others. A breakdown that highlights the increasingly multidisciplinary environment shaping the future of Bitcoin DeFi.



Bitcoin DeFi: Use cases

- The majority of respondents (55%) are involved in lending and borrowing protocols. Decentralized exchanges (DEXs) follow closely, with 51%, and Stablecoins with 40%. Respondents are also exploring NFTs, scaling solutions, real-world assets, and payments, highlighting a diverse and growing ecosystem.



Building on Bitcoin

Why Bitcoin?

- 44% of builders chose Bitcoin DeFi for its security and decentralization, seeing it as the best base for trustless finance. 27% were drawn by growing liquidity and ecosystem expansion, while 26% value Bitcoin's long-term vision and community.
- Others focus on the opportunity for Layer 2 innovation (20%), ecosystem growth (17%), censorship resistance (12%), and privacy (8%). Overall, Bitcoin is viewed as the secure, decentralized foundation for the next wave of DeFi.

44%

SECURITY &
DECENTRALIZATION

27%

LIQUIDITY & EXPANDING
FUNCTIONALITY

26%

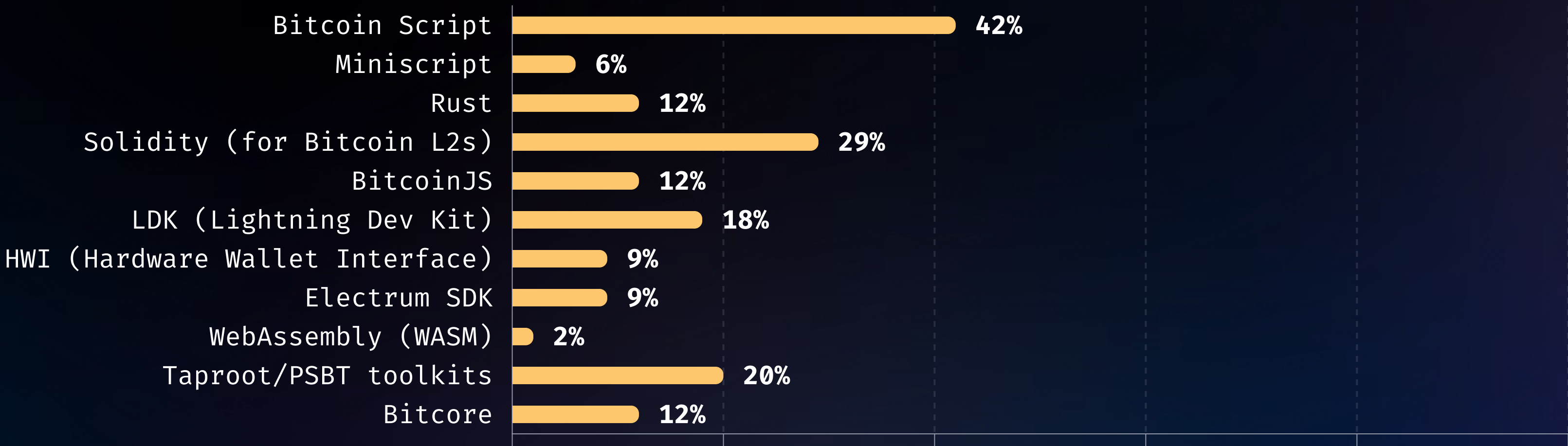
BITCOIN ETHOS

20%

L2 INNOVATION

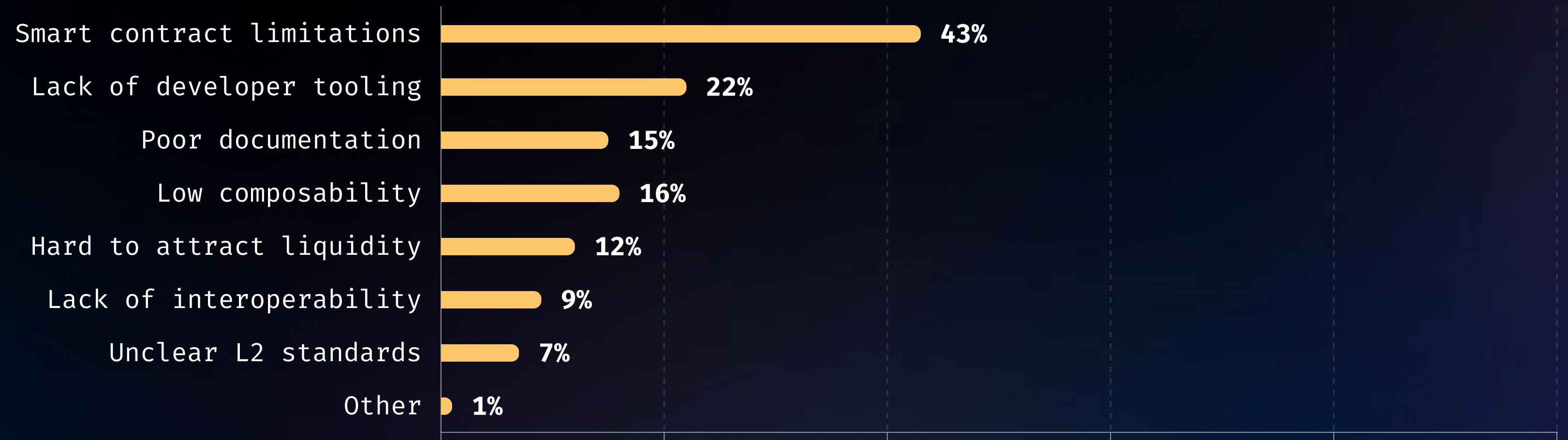
Tools and Frameworks

- Developers use a range of tools to build on Bitcoin. Bitcoin Script (42%) leads, followed by Solidity (29%), Taproot/PSBT (20%), and LDK (18%). BitcoinJS, Bitcore, and Rust (12% each) are also popular. Other tools include Miniscript, Electrum SDK, HWI, and WebAssembly.



Building Challenges

- Bitcoin's security and decentralization are unmatched, but it wasn't built for complex smart contracts, making development hard. 43% see limited smart contract functionality as the main challenge. 22% say developer tools are lacking, 15% say documentation is poor. Low composability (16%) and liquidity (12%) show that Bitcoin DeFi is still early. Despite this, developers believe solving these issues on Bitcoin is worth it.



Beyond Bitcoin

- Bitcoin DeFi is growing, but it's not the only choice for builders. Many also work on Ethereum (63%), Solana (47%), and Base (44%). 60% prefer other chains for smart contract flexibility, 33% for developer tools. Builders also value active communities, liquidity, and integrations.
- 49% plan to switch fully to Bitcoin; 39% will stay multichain; 12% haven't decided. Bitcoin-native builders mostly focus only on Bitcoin.

63%

ETHEREUM

47%

SOLANA

44%

BASE

44%

OPTIMISM

Trends & Adoption

Leveraging Bitcoin

- Most respondents take a conservative approach: 36% hold Bitcoin in cold storage, while 33% trade on CEXs and 31% use it for payments.
- 29% use BTC as DeFi collateral, showing growing interest in financial use cases. Others engage in bridging (22%), Bitcoin-native DeFi (20%), and liquidity provision (18%). Only 7% aren't actively using their Bitcoin.

36%

HODL COLD STORAGE

33%

RISK & FEAR OF LOSS

29%

COLLATERAL IN DEFI
PROTOCOLS

22%

BRIDGE (WRAPPED BTC)

Leveraging Bitcoin: Barriers

- 36% don't use Bitcoin in DeFi due to lack of trust, 25% for risk and fear of loss, highlighting security as the main concern. Technical barriers also play a role: 21% point to poor tooling and low liquidity, while 12% mention UX and regulation.
- Others simply prefer to HODL (16%) or are waiting for better infrastructure (16%). Only 11% don't see clear benefits, suggesting that most concerns can be addressed rather than indicating a lack of interest in leveraging Bitcoin more actively.

36%

LACK OF TRUST

25%

TRADING (CEFI)

21%

LACK OF LIQUIDITY

21%

LIMITED TOOLING

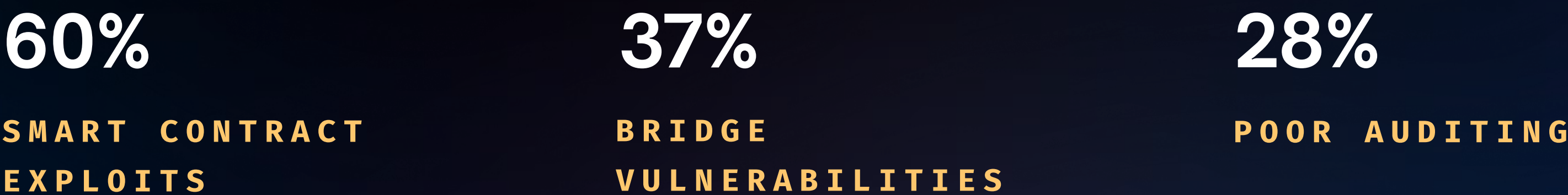
Scaling Bitcoin DeFi

Respondents identified critical gaps and vulnerabilities that must be addressed to scale Bitcoin DeFi. The top two priorities are better infrastructure (45%) and broader L2 adoption (43%), highlighting a strong need to enhance Bitcoin’s programmability while enabling secure, scalable applications. This is especially urgent as smart contract functionality expands, with 60% of respondents citing smart contract exploits as the most pressing security concern.

Most needed



Security concerns



Scaling Bitcoin DeFi: Most needed

45%

INFRA & TOOLING

Respondents emphasized the need for robust development infrastructure (SDKs, indexing services, and user-friendly dev tools) to support the creation of secure, intuitive Bitcoin DeFi applications.

43%

L2 ADOPTION

Scalability hinges on broader Layer 2 adoption. Respondents noted that without L2 traction, developers and users will struggle with high fees and limited functionality on Bitcoin's base layer.

34%

LIQUIDITY

A lack of deep, efficient markets remains a major hurdle. Respondents flagged liquidity fragmentation and low capital efficiency as significant barriers to widespread DeFi adoption on Bitcoin as DeFi thrives on efficient markets.

Scaling Bitcoin DeFi: Security concerns

60%

SMART CONTRACT EXPLOITS

With new programmability features being introduced to Bitcoin, smart contract vulnerabilities emerged as the most critical concern. Security-first development is crucial to protect users and ecosystem credibility.

37%

BRIDGE VULNERABILITIES

Cross-chain activity is growing, but bridges remain a known weak point, as they're frequent targets for hacks due to their complexity and centralization risks.

28%

POOR AUDITING

Many users remain wary of Bitcoin DeFi due to concerns about poor auditing practices. As smart contracts become more complex, there's a growing fear that some protocols may not undergo thorough, independent security reviews, leaving room for undetected vulnerabilities.

Scaling Bitcoin DeFi: Programmability at the Base Layer

DELIVERING WHAT BUILDERS NEED

A new era of Bitcoin DeFi is taking shape where builders no longer need to compromise between security and flexibility. Arch Network introduces the ArchVM, a purpose-built virtual machine that enables smart contract programmability directly on Bitcoin's base layer without soft forks, wrapped assets, or trust assumptions. This breakthrough makes it possible to:

- Deploy fully onchain, composable DeFi apps natively on Bitcoin
- Avoid bridges and synthetic assets maintaining Bitcoin's trustless ethos
- Build with modern tooling in Rust optimized for performance and safety
- Preserve Bitcoin's security model while enabling powerful onchain logic

By solving foundational constraints, Arch marks a shift to scalable, secure deployment, bringing true programmability to the world's most trusted blockchain.

An investor's perspective

What drives your investment thesis in Bitcoin DeFi projects right now?

At DPI Capital, we see Bitcoin at an inflection point. It's the most secure and valuable asset in crypto, but it hasn't yet become a productive asset. Our thesis is simple: if even a fraction of Bitcoin's \$2 trillion market cap starts generating yield or participating in decentralized finance natively, it unlocks massive new value. With Arch Network, Bitcoin is getting its application layer — think of it like the App Store moment for the iPhone. Native smart contracts, no bridges, and full composability built on Bitcoin's security layer. We're backing teams turning Bitcoin from dormant capital into a productive financial engine.



Shahan Khoshafian

General Partner at DPI Capital

Which use cases or sectors within Bitcoin DeFi are you most excited about and why?

Bitcoin DeFi is the biggest opportunity in the world. It's still in its infancy, and the upside is enormous. We're focused on the core financial primitives — DEXs, perps, borrow/lend protocols, native stablecoins, and yield generation — that unlock productivity for BTC holders without needing to leave the Bitcoin ecosystem. Real-world assets on Bitcoin also open the door for traditional capital to interact with decentralized rails in a secure and credible way. None of this happens without infrastructure. Arch VM is the key unlock, giving developers the tools to finally build powerful, composable apps directly on Bitcoin.

How do you see Bitcoin DeFi evolving over the next 5 years compared to Ethereum or Solana?

Ethereum and Solana have led in experimentation and innovation, but Bitcoin is where the deepest conviction and capital live. Now that the infrastructure is catching up, Bitcoin-native DeFi is positioned to become the dominant force in decentralized finance. Over the next five years, we expect Bitcoin DeFi to surpass both Ethereum and Solana in total value locked, user activity, and capital retention. If this movement succeeds, Ethereum and Solana will face serious challenges around retention, stickiness, and even justification for their role in the ecosystem. Bitcoin is evolving from a passive store-of-value into the backbone of a new decentralized financial system.

About Arch Network

Arch is building the rails for a Bitcoin-denominated world. Arch enables institutions to access Bitcoin-native yield opportunities while maintaining the security and decentralization principles core to Bitcoin's design. Its execution platform is designed to enhance Bitcoin's capabilities by enabling fast, secure, and fully verifiable smart contract-like programs without bridging or wrapping assets. The specialized Arch VM, Cryptographic Multisig and Decentralized Verifier Network help unlock the full \$2T+ liquidity of Bitcoin. For more information, please visit <https://www.arch.network/>.

DOCUMENTATION

Everything you need to know about building the rails for a Bitcoin-denominated world. Please visit <https://docs.arch.network/>

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