What is the LOAN Protocol?

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LOAN Protocol is a non-custodial decentralized lending protocol built on XPR Network ↗ consisting of two parties:

- **Depositors** who lend tokens to a market
- **Borrowers** who borrow the lent tokens from a market and pay interest to the depositors in return

As one does not know the parties who engage as borrowers, it is impossible to accurately assess a borrower's default risk. This risk is accounted for by requiring all loans to be **over-collateralized**.

Each borrowing market has a **Collateral Factor,** a percentage value determining the max a user can borrow versus their deposited value (common values are ~70%). Thus, to borrow **$B**, a borrower has to put up **$C** as collateral where the following holds:

```
$B <= $C x Collateral Factor
```

Generally, the collateral factor is lower for volatile markets and higher for more stable markets.

Watch this ↗ quick Guide to Lending on Metal X by x.com/paulgrey ↗

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Why LOAN?

The LOAN Protocol and Metal X Lending opens up a new possibility for borrowing and lending against multiple blockchains that were not previously accessible on Ethereum or other blockchain protocols. By using a system of smart contracts powered by the XPR Network, users can request and fulfill loans using cryptocurrency without the need for a central mediator and without regard for the parent blockchain protocol of the requested asset.

No network fees on XPR Network

XPR Network does not charge gas or mining fees to end users. Validators are rewarded in XPR for validating transactions.

LOAN Protocol can still charge platform-level fees for specific actions. Withdrawing assets from the protocol is subject to a withdrawal fee, which can be reduced or waived based on the amount of LOAN staked.

Learn more about protocol fees and staking incentives.

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Learn more about the XPR Network

Learn more about the XPR Network and ecosystem in our overview.

LOAN Protocol FAQ

Check out the most frequently asked questions here with answers.

Glossary

Check out our explanations of common terms used.

Guides: Get Started On LOAN Protocol

Follow our handy guides ↗ to get started.

Next
XPR Network & Ecosystem

Last updated 6 months ago

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