DART

Digital Assets Risk and Trustworthiness Assessment

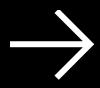→

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PROJECT INFORMATION

Stellaswap

Project Category: DeFi Protocol

Official Website: https://stellaswap.com/

Blockchain/Platform: Moonbeam (Polkadot network)

Brief Description: To address liquidity issues in the DeFi space, StellaSwap operates as an automated market-making (AMM) decentralized exchange (DEX) with bridging and liquid staking services on the Moonbeam parachain network. It uses its native token, STELLA, for governance and provides various farms, an integrated bridge, and user-centered services. The product suite is designed to support decentralized governance by STELLA holders and encourage ongoing innovation.

Prelude: This review presents the risk factors associated with the given project and provides an analysis and respective overall risk rating as per a prescribed methodology.

TEAM COMPOSITION

The Stellaswap team is comprised of the following individuals:

Stellaswap has an anonymous team of developers in the field of cybersecurity & smart contracts development, as well as experienced individuals that have scaled financial technology (fintech) solutions globally.

The information below (Pseudonyms and work experience) was identified for some of its team members:

M0xA – Lead engineer and smart contract development:
M0xA previously served as Head of Engineering at a cryptocurrency exchange.

M0x7 – Head of Products development & tokenomics:
M0x7 has prior experience as a C-suite executive at a cryptocurrency exchange and possesses extensive expertise in the field.

M0xZ – Specialist in Web3/FE development:
M0xZ ensures UI/UX optimization across the board.

M0xV – Specialist in marketing and integrations:
M0xV leads partnerships and oversees the strategy and execution of go-to-market initiatives.

Despite the team names being pseudo anonymous, there were three co-founders of the project identified:

Aziz Zainuddin, was previously the Chief Product Officer for Fasset, Contributing Author for eToro, and other roles as a financial analyst and blockchain lead.

Atticus Stella, has limited to no information that points to Aziz Zainuddin.

Anas Zaman, was previously a Full-stack architect and project manager of Fasset, and was also the co-founder of Stealth Startup, and formerly held a role as a Full-stack engineer.

TEAM

The Stellaswap team structure

Only the details to the roles mentioned above were identified.

The Stellaswap supporters

The project is backed by Collision Ventures. Stellaswap was also a successful Polkadot treasury recipient, and as such, maintains native-community support.

The Stellaswap connections

Moonbeam, Moonwell, Algebra, Axelar, Squid, Wormhole, QiDao, GBM, Gamma, Biconomy, Bifrost, UnitedBloc, Interlay, Dam Finance, Transak, Beefy, Phala Network, Centrifuge, ZooDao, Meson.fi, Astar, Subwallet, Novawallet, Talisman, Acala, Polkadot Insider, Prime, Protocol, RMRK, Subsquid, Origin Trail, Lido, Pendulum, Zeitgeist, Subsocial, Cede Store, and Manta Network.

The Stellaswap concerns

The anonymity of the team members makes it difficult to determine if any have been previously involved in negative media coverage. However, no derogatory information has been found regarding the co-founders.

While the team's anonymity aligns with the principles of decentralization and community governance, it inherently introduces challenges in verifying individual credentials and expertise. This makes it difficult to independently confirm the team's capabilities and track record, however, the StellaSwap team appears to have undergone KYC (Know Your Customer) verification by Moonbeam's leadership provides some level of validation, as the Moonbeam Foundation is a reputable entity in the blockchain space. However, this KYC process is not publicly verifiable by external parties, relying on trust in the Moonbeam Foundation's judgment.

StellaSwap lists numerous partnerships with other well-known projects in the blockchain and fintech sectors. While these partnerships are verified from StellaSwap's end, the absence of some reciprocal confirmation from all partners introduces potential inconsistencies. If the partnerships were confirmed by all counterparties, the verifiability would be stronger. StellaSwap verifies partnerships on its blog, which is a positive step towards transparency; however, it remains self-reported information. External, independent confirmation would strengthen the reliability of these claims.

The lack of a publicly named project advisor adds to the difficulty in independently verifying the strategic guidance behind StellaSwap, as advisors often bring credibility and verifiable industry connections

GITHUB & CODE QUALITY

StellaSwap's open-source status is publicly available, allowing anyone to view and contribute to the code. This transparency fosters community engagement and demonstrates a commitment to openness. However, the absence of publicly listed members could indicate either a deliberate choice to maintain anonymity or a lack of broader developer community engagement.

The level of activity on GitHub is moderate to high, evidenced by a substantial number of commits and diverse contributors. The frequent commits suggest ongoing development and active maintenance of the codebase. However, the absence of pull requests may be concerning, as they are crucial for collaborative contributions and code reviews, essential elements for maintaining code quality.

The project boasts good documentation, which is vital for open-source projects, which in turn, helps new contributors understand the codebase, facilitates the onboarding process, and enhances overall project usability. StellaSwap employs a diverse technology stack, including JavaScript, TypeScript, Solidity, and Python. This range of languages is suitable for both front-end and back-end development, as well as smart contract implementation, indicating a comprehensive approach to development that leverages the strengths of each language for specific tasks.

Regarding accepted software development practices, the diversity of contributors and the substantial number of commits suggest adherence to best practices. However, the lack of pull requests highlights a potential area for improvement in terms of peer review and collaborative coding practices.

SOCIAL MEDIA & COMMUNITY

Community size and activity

On Stellaswap's X account, the community is large, with over 42K followers and more than 10K posts, which showcases high engagement through post reach, likes, comments, and reposts.

The Reddit presence is smaller, with 1.5K followers and around 2K posts, but still shows active participation.

The Discord server, with 8.6K followers, is highly active, featuring frequent updates and announcements.

However, Stellaswap lacks an official Telegram group, which could lead to the emergence of unofficial and potentially risky channels.

Quality of interactions

The quality of interactions on Stellaswap is notable, especially on X, where there is strong engagement between administrators and users, fostering a vibrant community atmosphere.

On Reddit, although the community is smaller, participation remains active, and discussions are ongoing.

And on its Medium account, it adds educational value to the community by providing well-crafted articles about project activities, indicating a commitment to informing and engaging users.

Red Flags and Risks

Several risks were identified within Stellaswap's community as mentioned below.

On Discord, the presence of a dedicated scam-alert channel highlights the frequency of scam attempts, which could undermine community trust and safety, although the admin team actively addresses these issues.

And lastly, as previously mentioned above, the absence of an official Telegram group further increases the risk of misinformation or scams being spread through unofficial channels, potentially misleading community members.

BUSINESS MODEL

StellaSwap's primary objective is to establish a robust foundation using its native governance token, STELLA, to incentivize liquidity provision through various farms, provide a built-in bridge for interoperability, and maintain a commitment to user-centered service. This strategy aims to address liquidity challenges in DeFi by offering a comprehensive suite of products that facilitate decentralized governance and innovation. Operating on the automated market-making (AMM) model, the platform enables users to trade coins on the Moonbeam network in a non-custodial manner with minimal fees. These fees are redistributed to liquidity providers, ensuring competitive pricing and encouraging the formation of deep liquidity pools. The integration with Moonbeam's Ethereum-compatible smart contracts allows seamless deployment of Ethereum-based projects on Polkadot, leveraging existing developer tools and fostering interoperability.

StellaSwap's business model is robust, focusing on sustainable revenue generation through trading fees and incentives for liquidity providers. The governance structure, facilitated by the STELLA token, aligns incentives among stakeholders, promoting community engagement and ecosystem growth. In terms of growth potential, StellaSwap benefits from its strategic alignment with Moonbeam's trajectory within the Polkadot ecosystem. The platform's innovative features and focus on interoperability position it well to capture market share in the expanding DeFi landscape. Financial planning and strategic clarity are crucial for StellaSwap's long-term success. Clear communication of its roadmap, development milestones, and financial sustainability measures will be essential in building trust with investors, users, and stakeholders alike.

The complexity of decentralized governance and the dependency on user engagement for governance decisions can also pose challenges. Furthermore, regulatory uncertainties surrounding DeFi could impact StellaSwap's operations and growth potential. Clear communication and proactive risk management strategies will be crucial in mitigating these challenges.

CONCLUSION AND SCORE

Conclusion

Based on the above comprehensive review, StellaSwap DEX has several key strengths and areas for improvement. StellaSwap presents a compelling business model focused on addressing liquidity challenges in the DeFi space through its innovative use of the Moonbeam parachain network. The platform's emphasis on decentralized governance with the STELLA token, diverse farming opportunities, and interoperability solutions demonstrates a strategic approach to fostering community engagement and ecosystem growth.

The team, although anonymous, boasts solid expertise in cybersecurity, smart contracts, and fintech solutions, with validation through KYC by Moonbeam's leadership. This supports their commitment to decentralization and community empowerment, despite challenges in independently verifying individual credentials.

However, StellaSwap faces notable risks, particularly concerning community safety highlighted by frequent scam reports on Discord and the absence of an official Telegram presence, which could impact user trust. Additionally, while the platform shows moderate activity on GitHub with good documentation, the lack of pull requests suggests room for improvement in collaborative development practices.

Score

As per the reasons mentioned above, StellaSwap falls into the **Moderate-Low** Risk category. Potential investors and users are advised to monitor developments closely, especially improvements in community engagement, code quality, and safety measures. Continued transparency and proactive communication from StellaSwap will be crucial in mitigating risks and enhancing its position in the competitive DeFi landscape.As usually advised, conducting thorough research and staying informed about the project's updates and official communications will enable stakeholders to make well-informed decisions.

Disclosure: The information in this report is as of Q3 of 2024, all information is subject to change. Please use at your own discretion.

CONTACT US

https://polkadot.antiscam.team/
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Discord Community