

DART

Digital Assets Risk and Trustworthiness Assessment



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PROJECT INFORMATION

Tidal Finance

Project Category: Insurance Marketplace (DeFi Protocol)

Official Website: <https://tidal.finance/>

Blockchain/Platform: Polygon zkEVM, and prospectively the Polkadot network.

Brief Description: Built on Polygon zkEVM, and having announced Polkadot as their future platform in the past few years, the project aims to make DeFi safer and more secure, Tidal Finance is a decentralized insurance platform that allows users to create custom insurance pools for assets across various blockchains, including DeFi protocols and stablecoins. It offers flexible terms, competitive premiums, and rewards for liquidity providers.

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 Tidal Finance team is comprised of the following individuals:

The team behind the Tidal finance is not publicly disclosed. However, there is some information on only two members identified.

Chad Liu, Co-founder & CEO:

Chad was the Co-founder and CEO for about 4 years until stepping down during September 2024, he is presently an investor partner at Symbolic Capital which is an investment firm focusing on dApps and web3 infrastructure, and formerly a Principal at AU21 Capital, Business Development at QRI which is a purported AI solutions provider, and Product manager at Schlumberger.

Liu earned a MBA from The Wharton School, and Msc Petroleum engineering from Texas A & M University.

There was no current interim CEO identified at this moment.

Patrick Obasi, Community manager:

Patrick was only identified with a background in this role as a community manager since 2019.

TEAM

The Tidal Finance team structure

Only the two individuals mentioned above were identified to have a nexus with the project. There is no mention of the Tidal finance project advisors. However, the allocation of token to team and advisor as observed in the Tidal finance tokenomics indicates the presence and activities of the project team and advisors. Because the Tidal finance team is undisclosed, it is difficult to describe the structure of the team

The Tidal Finance supporters

Tidal finance partners with the following project: KR1, SPARTAN, HYPERSPHERE, NGC ventures, QCP Capital, and GBV.

The Tidal Finance connections

Tidal Finance was identified in a DeFi collaboration with NAOS Finance.

The Tidal Finance concerns

The Co-founder & CEO, Chad Liu was identified in multiple sources as well as one of the podcasts from Around the Coin. While this individual was indeed identified with pertinent information, the remaining team members were not identified in any way, shape, or form. And since this is an important part in engaging with projects from a user and investor perspective (especially because its TradFi counterpart is an area within financial services that is known to be regulated), this is one quality which can be greatly improved by providing transparency since no past achievements or derogatory media can be ascertained. Additionally, no other individual was noted as having been named as Chad's replacement heading the project, which raises further questions in the project's inner state and trajectory. Furthermore, the tokenomics has a team & advisors allocation which indicates that the project does have advisors behind the project, however, the lack of overall transparency does not beget trust since transparency is a key component for end-users and investors, and it is therefore difficult to trust what cannot be verified.

The team behind Tidal finance is publicly unknown, which can temper with the level of trust on the investors end. Imagine trying to trust a business when you don't even know who's running it. It is like trying to shake hands with a ghost. Without any details on the team's background, their work experience, or even their social media presence, it's hard to feel confident about their credibility. The fact that the team is not disclosed makes it impossible to check if they have been involved in any past successes, let alone if they have had any negative media. Again, Tidal finance tokenomics shows allocation of tokens to team and advisors which suggest there is a team and advisors behind the project, but the lack of transparency on the overall composition of the team makes it feel risky, like investing blindly. In the world of finance in general, whether a traditional or digital financial institution, trust is a key component for end-users and investors, and it is therefore difficult to trust what cannot be verified.

GITHUB & CODE QUALITY

At the time of writing this report, Tidal Finance's Github is open-source with 8 repositories, featuring Solidity, JavaScript, Go, Rust, and TypeScript as the main languages. The documentation is well-prepared, which is a positive sign, but the activity level is very low since the activity across multiple repos was noted to have been very dated, while also having a few contributors and average commit frequency that took a steep drop since last year. The account has 3 followers, which is relatively low for a project. The use of standard software development practices is evident, but the undisclosed members and limited contributions suggest a low level of community involvement.

SOCIAL MEDIA & COMMUNITY

Community size and activity

Tidal Finance has built a decent-sized community across various platforms, but the level of activity is inconsistent. On X, they've amassed over 50,000 followers, with more than 500 posts that historically saw high engagement through likes, reposts, and comments. However, no new posts have been identified since 2023, raising concerns about the platform's current relevance. Similarly, their Medium account, with around 1,900 followers, also saw solid engagement, but like X, activity ceased in 2023, leaving the community without updated content.

Quality of interactions

On Telegram, the community is sizable with over 16,000 members. While impressive, the group has experienced some tension, with rumors circulating about the team potentially hijacking funds and exiting the project. Admins have been responsive in addressing these concerns, which is a positive sign. However, the existence of such rumors indicates some underlying distrust within the community, even though efforts are being made to manage the situation. Discord, by contrast, has about 1,900 members but is notably quieter. The last major announcement was made in December of last year, and activity in the staking and mining channels has been sparse.

Red Flags and Risks

While Tidal Finance has managed to engage its community on some platforms, inconsistencies in activity raise concerns. The rumors of fund mismanagement and exit strategies circulating on Telegram, despite being addressed by admins, suggest potential trust issues within the community. The lack of recent content on both X and Medium, combined with the quiet nature of the Discord server, further contributes to these concerns. Additionally, the project's Reddit account has only around 100 followers, with the last posts being several years old and largely contributed by community members, indicating a waning presence and possibly missed opportunities for wider engagement.

BUSINESS MODEL

Tidal Finance's v2 shifts to a more decentralized, customizable insurance marketplace, which is a smart move for diversifying risk and revenue. By letting third-party insurers manage their own pools, the platform spreads out risk and isn't tied to just a single point of failure. The separation of collateral between pools is another solid upgrade, making the system more resilient. However, relying on decentralized governance and the active involvement of external parties adds layers of complexity. If the right people don't step up, or if the decision-making process gets messy, this could cause issues down the line. The business model is ambitious and has promise, but its long-term success hinges on getting enough underwriters, liquidity providers, and policyholders on board and keeping them engaged. The idea of bundled insurance to boost capital efficiency is clever, but it's like walking a tightrope, great if you can balance, but risky if you slip.

For insurers and underwriters, Tidal v2 opens the door to running their own show, which is a strong draw for those looking to tailor policies and manage risks independently. Liquidity providers are given the chance to earn better yields through diversified exposure, which is appealing, especially in the DeFi space where yield hunting is the name of the game. Policyholders get the benefit of customizable policies at competitive prices, which is key to standing out from both traditional insurance options and other DeFi alternatives. However, the platform's real challenge is getting these benefits across to users clearly and consistently. If users don't see the value or the platform fails to deliver on its promises, no amount of innovation will keep them around. The Guarantor capital feature is a nice touch, especially for covering new smart contracts, but the platform needs to prove its worth in action, not just theory.

The DeFi insurance market is expanding, and Tidal Finance has a good shot at carving out a significant share, particularly as it ventures into real-world asset coverage. The real key to growth lies in offering competitive premiums without sacrificing profitability. Moving toward a decentralized, user-driven model is great for scaling, but it's a double-edged sword scaling up requires a steady influx of participants and tight risk management. If Tidal can continue to attract liquidity providers and underwriters with its innovative offerings, the growth potential is real. However, balancing the need to keep premiums attractive while ensuring good returns for capital providers is a tricky dance. The introduction of Guarantors adds depth but also complexity, so it's important this doesn't become a stumbling block to financial stability.

Tidal Finance's strategy is clear and ambitious bridging traditional and blockchain insurance is no small feat. The focus on decentralization, customization, and capital efficiency aligns well with current DeFi trends, and moving the Tidal token to a Polkadot-based platform shows long-term planning. However, strategy is one thing, execution is another. The real test will be in how effectively Tidal can bring new users on board and manage decentralized governance without things getting chaotic. The tokenomics are well thought out, with a structured vesting schedule, which is reassuring. But there's a bit of concern when it comes to the heavy reliance on token incentives and the slow release of team and advisor tokens. If not handled carefully, these could lead to misaligned interests in the long run. Financially, the plan is detailed, but it needs to stay flexible and adapt as the platform grows and the DeFi insurance landscape evolves.

CONCLUSION AND SCORE

Conclusion

Based on this comprehensive review, Tidal Finance presents a mixed profile with notable strengths in its business model but significant concerns regarding team transparency and community trust. The platform's innovative approach to decentralizing insurance within the DeFi space, combined with its ambitious growth strategy, demonstrates strong potential for long-term success.

However, the lack of public information on the team, as well as the lack of activity in its open-source repositories raises questions about the project's current state, since projects who are actively building have shown such signs, be it in a bear, or bull market. Additionally, while Tidal Finance had a decent social media presence in the past, this content driven activity appears to have come to a complete halt since last year, and inconsistencies in community engagement, especially the FUD on Telegram and inactivity on Discord, are concerning.

Score

Due to the aforementioned reasons, Tidal Finance has achieved **two out of five stars**. The project shows promise, particularly in its business model, but the lack of transparency around the team and the need for more consistent community interaction pose risks that should not be overlooked. Potential investors and users are advised to proceed with caution, keeping an eye on developments in team disclosure and community trust. As always, conducting further due diligence and staying updated with the project's official communications is essential before making any decisions.

CONTACT US

<https://polkadot.antiscam.team/>

contact@antiscam.team

[Discord Community](#)



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TEAM