

# In-Class Activity: Liquidation Race

Digital Finance – BSc Course

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DeFi Lending | 20 min | Groups of 4

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**Scenario:** Your team manages a DeFi lending position. **Collateral:** 10 ETH at \$3,000 = \$30,000. **Borrowed:** \$20,000 USDC. **Ratio:** 150%. **Liquidation at:** 120% (ETH = \$2,400).

**Rules:** Each round the instructor announces a price change. You have 60 seconds to decide. “Add collateral” = deposit 1 ETH. “Repay debt” = repay \$2,000 USDC. “Nothing” = accept risk. Below 120% = **LIQUIDATED**.

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Rd	Price Drop	New Price	Collateral Value	Ratio	Your Action	Result
0	—	\$3,000	\$30,000	150%	(start)	OK
1	-8%					
2	-5%					
3	-12%					
4	-3%					
5	-15%					
6	+7%					
7	-10%					
8	-6%					

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**Debrief:** Did your team survive? What was the optimal strategy? What does this tell you about DeFi risk?