Pre-Day-5 Framework Sheet

Digital Finance Intensive: Days 5 and 6 Reference Card

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Keep this sheet for Days 5 and 6

The Digital Finance Analyst's Canvas: Three Questions

Q1 **Who pays whom, and why?** Identify the paying customer, the fee mechanism, and the transaction cost that is being eliminated.

Q2 **Who needs to show up for this to work?** Name every participant group (both sides of the platform, gatekeepers, regulators) whose absence would collapse the model.

Q3 **What can break this?** List the failure modes (regulatory, behavioral, competitive, technical) that could unravel Q1 or Q2.

Revenue Layer Taxonomy: Where Does the Money Sit?

Layer	What generates revenue	Example
Infrastructure	Fees paid to run the underlying network: gas fees, staking rewards, validator income. Revenue exists whether or not any application is built on top.	Ethereum validators earn gas + MEV
Protocol	Fees embedded in the protocol rules: swap fees on a DEX, lending spread on a money market, liquidation penalties. Revenue flows to liquidity providers and token holders.	Uniswap LP fee (0.3% per swap)
Application	Fees charged by the user-facing product built on top of the protocol: subscription, spread markup, premium features, B2B SaaS. Revenue flows to the application company or DAO.	Coinbase: trading fees + Coinbase One subscription

Fat protocol thesis (Placeholder for Day 6): in Web3, value accrues at the protocol layer, not the application layer. The opposite of Web2 (Google, Facebook own the value; HTTP does not).

Transaction Cost Economics (TCE) One-Liner

Banks Trusted intermediaries that reduce search, verification, and enforcement costs, but they charge a margin and introduce counterparty risk in the process.

Blockchain Auditable code that encodes search (transparent order books), verification (cryptographic proofs), and enforcement (irreversible on-chain execution) into the protocol itself, removing the need for a trusted third party.

The trade-off Banks are reversible and accountable. Blockchains are irreversible and permissionless. Neither is better universally; the right choice depends on who you trust and what you are transacting.

These three frameworks anchor Days 5 and 6. Apply them to every company, case, and crisis you encounter today. Return to this sheet during activities.