



Cointelegraph
Research

TRON'S PROGRESS IN 2024 H1: A JOURNEY OF TRANSFORMATION

Cointelegraph Research Report

Content

I. Introduction: Key Metrics and Advancements	3
II. State of the network	4
The advent of token-agnostic gas payments	4
Payments – The backbone of TRON’s adoption and tokenomics	5
III. KEY BLOCKCHAIN FEATURES AND UPDATES	9
Stake 2.0 – Improving Resource Delegation	9
BTTC as TRON’s gateway to the multichain ecosystem	10
IV. TRON’s DeFi ecosystem	12
JustLend	12
JustStable	14
V. Community Engagement	15
VI. Conclusion	17
Disclaimer	18

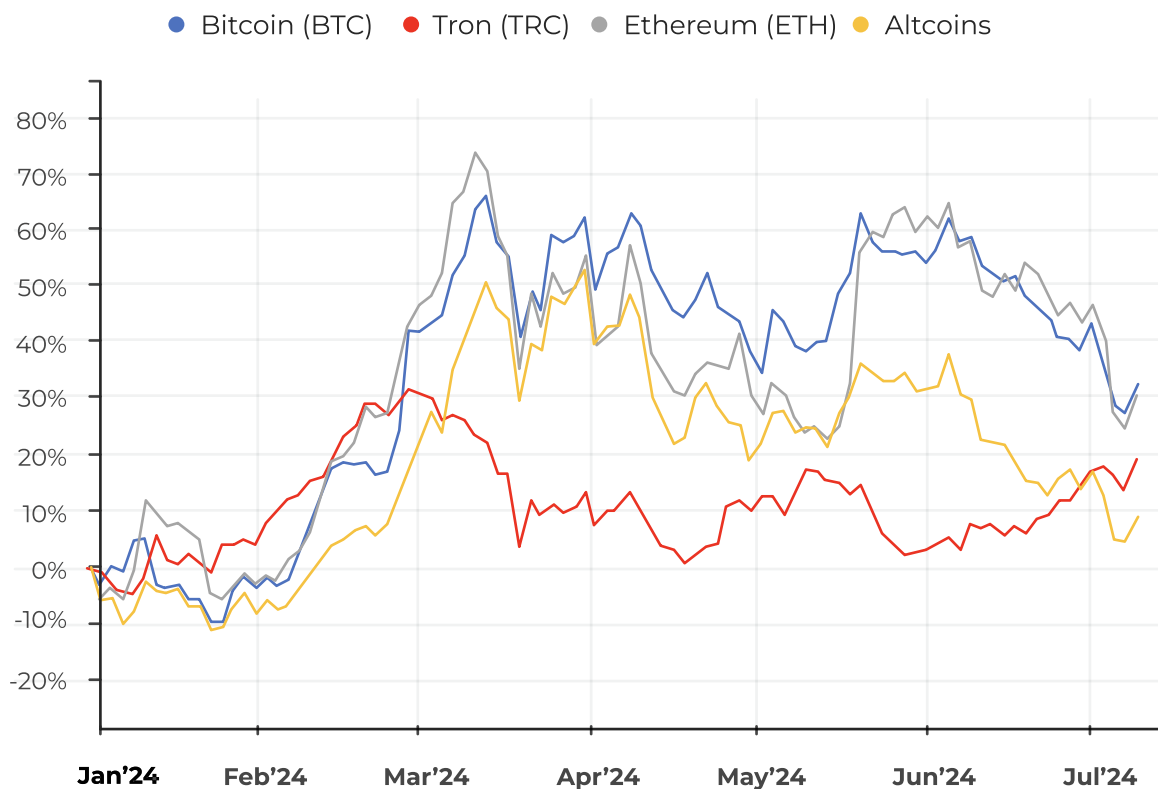


I. Introduction:

Key Metrics and Advancements

Since the beginning of 2024, the crypto market has witnessed a number of crucial events, including the introduction of Bitcoin ETFs and Bitcoin halving. These significantly influenced the performance of not only Bitcoin itself but also altcoins. Subsequently, the market exhibited significant volatility (Figure 1).

Figure 1: YTD Market Cap change of Bitcoin, TRON, Ethereum, and Altcoins



Source: [Coinmarketcap](#), [Coingecko](#)

Over this time period, the valuation of TRX has been comparatively stable when set against the swings experienced by ETH, BTC, and the altcoin market more broadly.

As of July 10th, TRON has outperformed the aggregate altcoin market by 10%.

Cointelegraph Research and TRON DAO delve into the most important developments and updates of the TRON network in anticipation of crypto market growth in the second half of 2024. Diving deeply into the blockchain's ecosystem, we overview the reasons behind TRON's current performance, including scalability, strategic partnerships, and ecosystem development metrics.



II. State of the network

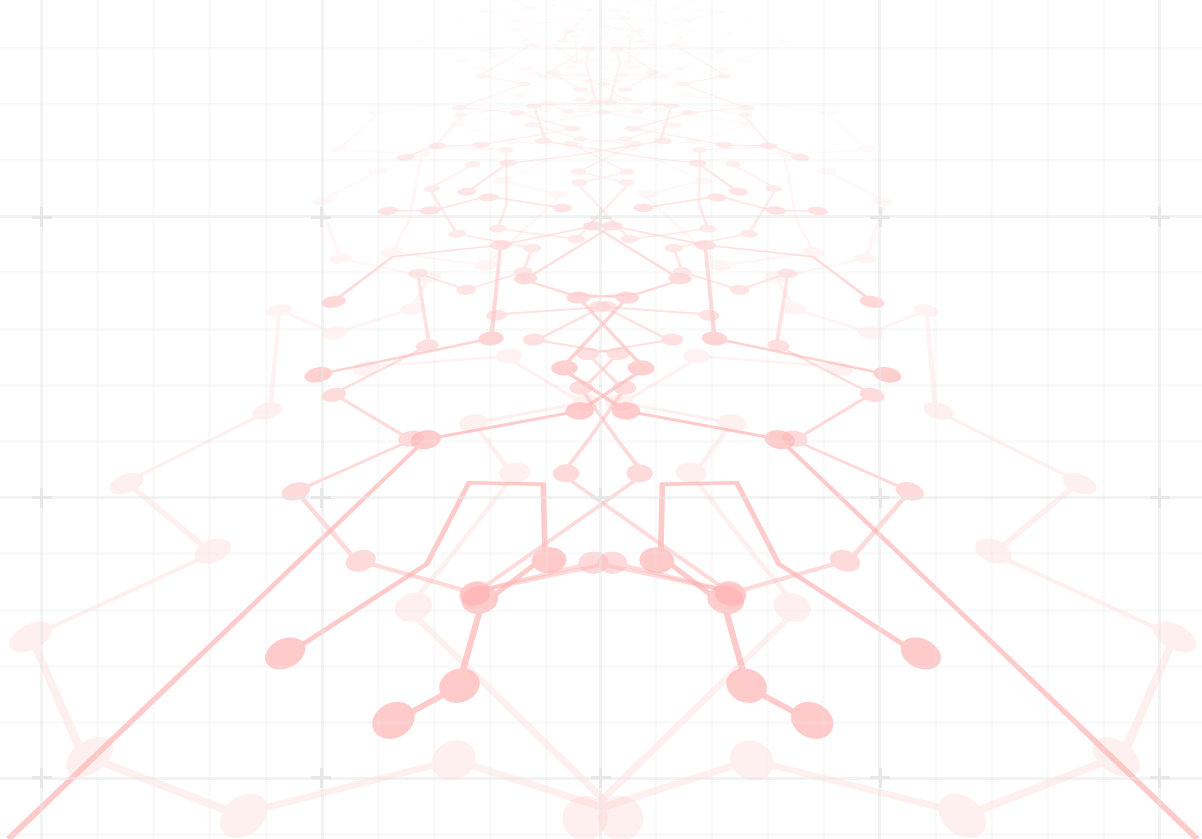
The advent of token-agnostic gas payments

Over the recent years, it has become apparent that the adoption of blockchain ecosystems will only be viable if networks can offer high scalability and low transaction fees. To make a good case for such real-world adoption, projects need to at least be able to undercut traditional fiat bank transfer and credit card acquisition fees.

While both Ethereum layer-2s, Solana, and TRON satisfy this requirement, it is inconvenient to pay gas fees in the network's native token for the majority of retail users.

It also requires newcomers to use centralized exchanges and go through their sign-up and KYC procedures, which presents a significant barrier to adoption.

A recent initiative by Justin Sun may soon resolve this issue, as he [announced](#) the development of token-agnostic gas payments. Their release is planned for Q4 of 2024, initially for the TVM and later for EVM-compatible platforms. Allowing the fees for USDT transfers to be paid in USDT instead of TRX would further cement TRON's appeal to users in emerging markets and failing currency regimes – a use case where it is already dominant.

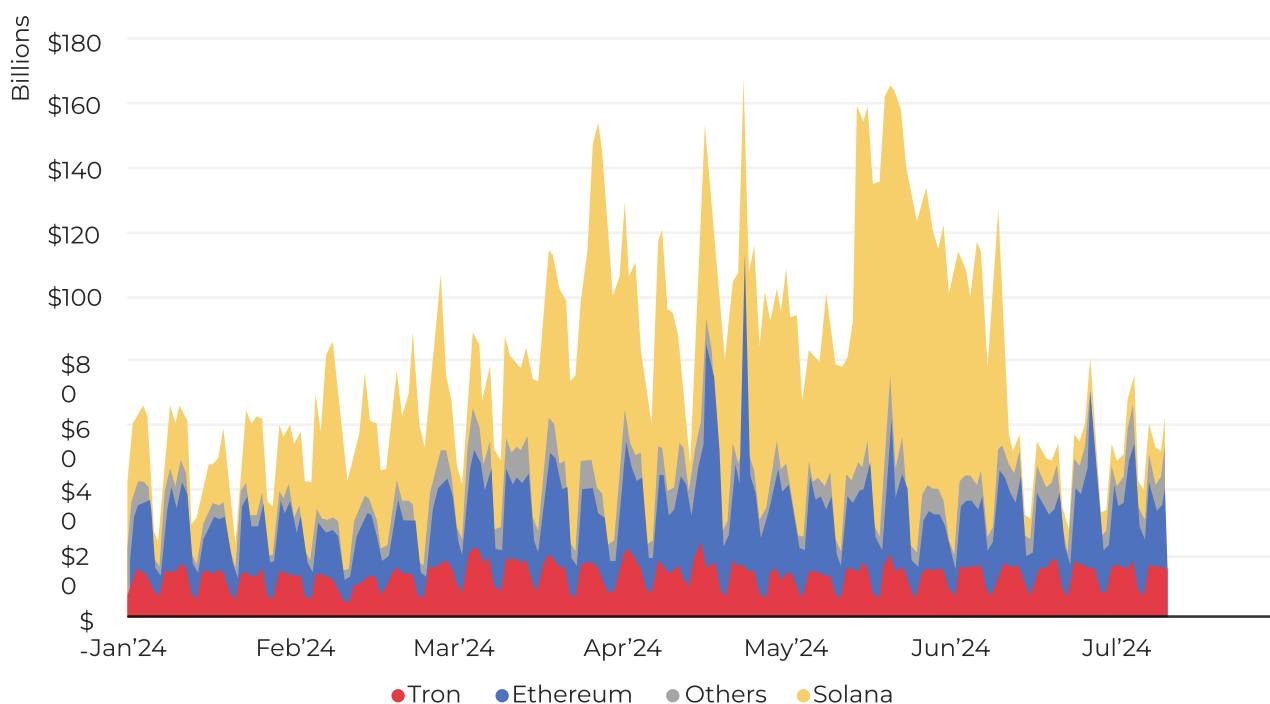


Payments – The backbone of TRON's adoption and tokenomics

As of June 12, 2024, TRON is the second largest blockchain in terms of stablecoin transfer activity, despite a temporary peak in Solana's transfer volume earlier in the year (Figure 2) that was likely driven by the memecoin frenzy.

Further growth in TRON's transfer volume might be expected when fee payments in USDT are enabled later this year.

Figure 2: Distribution of stablecoin transfer volume across blockchains



Source: [Artemis.xyz](https://artemis.xyz)

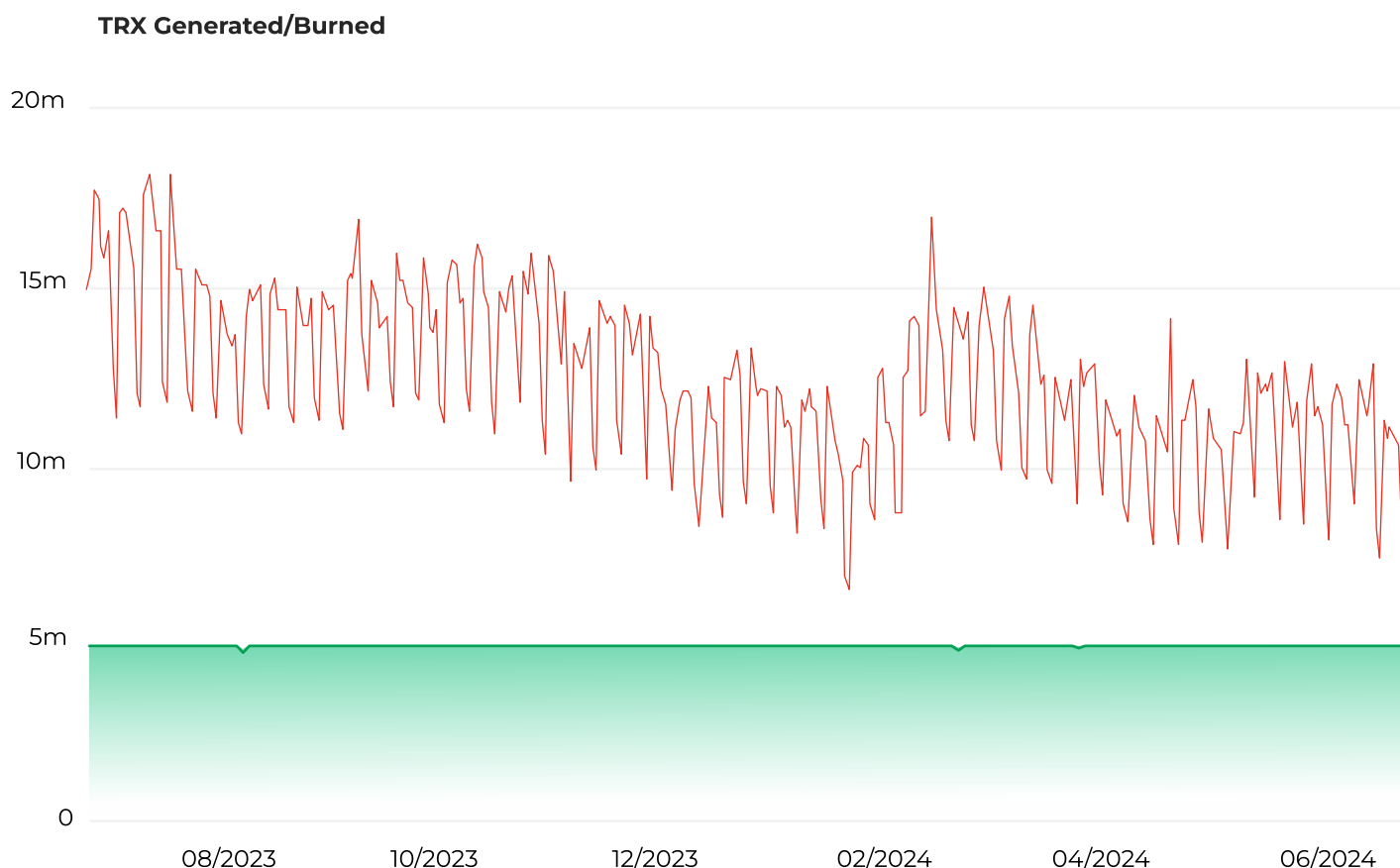
While activity on other blockchains tends to be driven by incentive programmes and speculative fads, the robust and stable demand for USDT payments that underpins TRON's network activity makes for a reliable source of protocol revenues.

As all transaction fees are burned, this puts deflationary pressure on TRX. Indeed, TRX is one of the few major L1 tokens that has managed to consistently stay deflationary in the recent past. It has consistently seen strong deflation since February 2023.



Most recently, in Q2 of 2024, 996 M TRX were burned in transactions, and 461 M TRX were newly issued as rewards for stakers and block producers (Figure 3). This amounts to an annualized inflation rate of -2.4%. For comparison, ETH, which commonly markets itself as 'Ultrasound money,' had positive annualized inflation of +0.4% over the same period.

Figure 3: Daily volume of minted and burned TRX over the past 12 months



Source: [TRONSCAN](#)

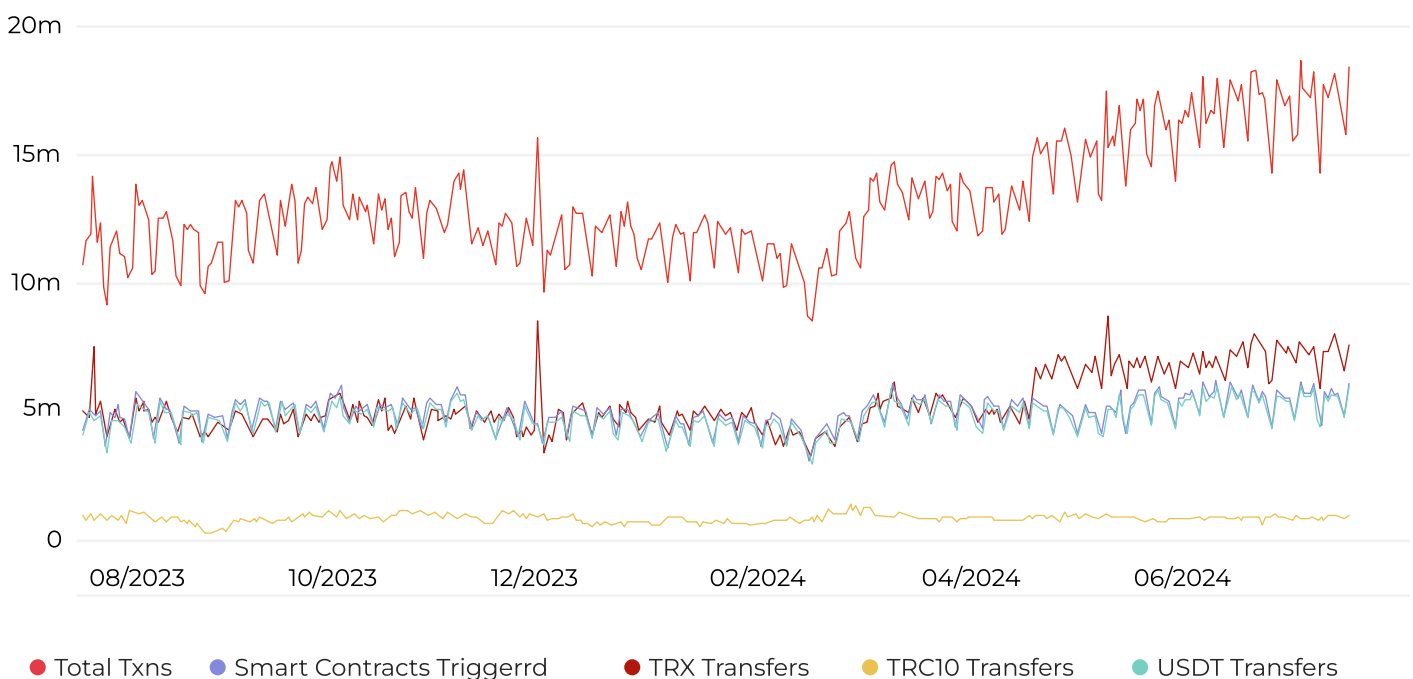


While the number of transactions on other blockchains has slumped during the recent period of consolidation in the crypto market, TRON's TPS has sustained a steady uptrend (Figure 4).

Both Bitcoin and Ethereum transaction fees [dropped to historic lows in the same period](#) indicating much reduced demand for blockspace.

A breakdown of recent network activity on the TRON chain in Figure 4 once again demonstrates that there is a stable base of demand for USDT and other token transfers that is remarkably inelastic with respect to market sentiment.

Figure 4: Daily network transactions over the past 12 months



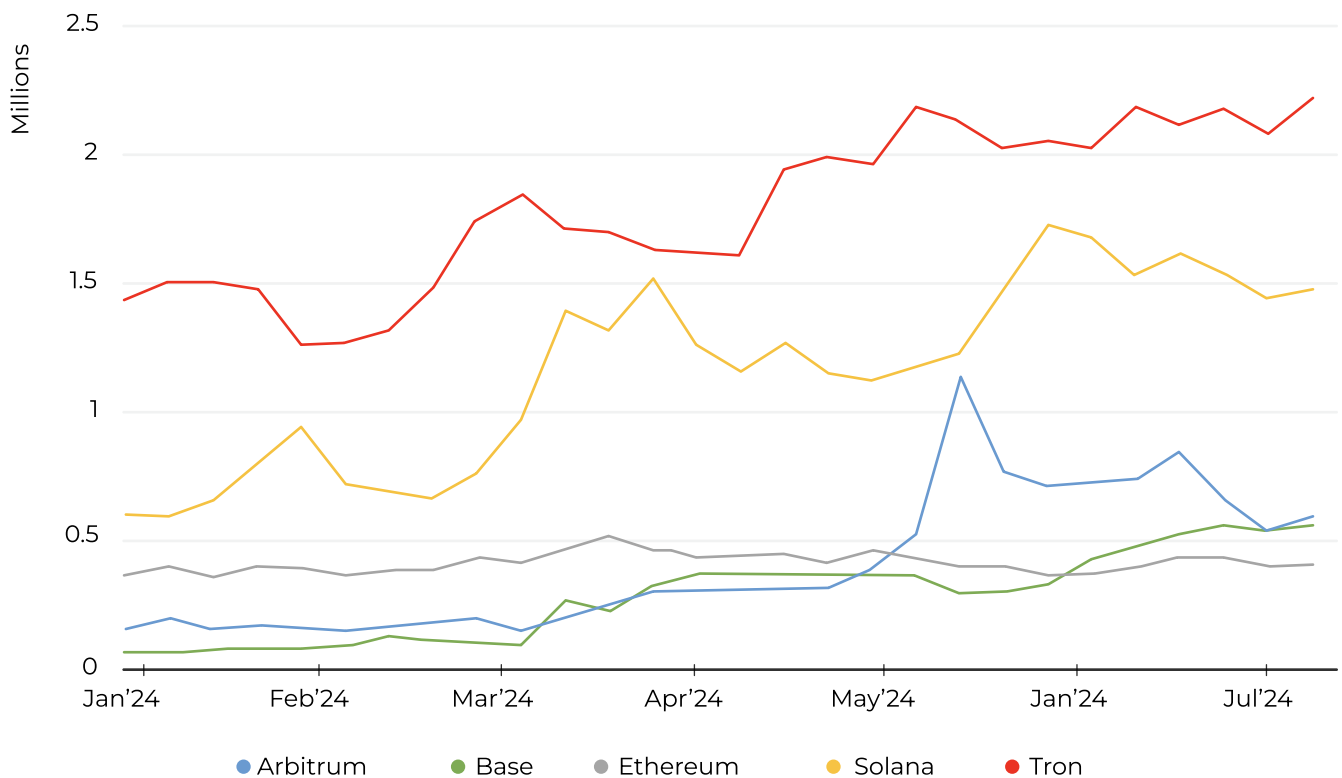
Source: [TRONSCAN](#)



Strong growth in active addresses is further evidence of organic adoption. TRON exceeds all of its direct competitors with over 2M active wallet addresses. The number of addresses with a high stablecoin transfer volume has grown by 20% since the beginning of 2024, according to data from Artemis (Figure 3).

This further underscores stablecoin payments as a major use case for the network. The adoption trend remains unabated, although Circle, the second-largest stablecoin issuer, decided to [phase out support for TRON](#) earlier this year. This does not seem to have hurt TRON's ecosystem much, as USDC has kept lagging behind USDT, for which the TRON blockchain remains the dominant vehicle.

Figure 5: Active wallet addresses across blockchains with high stablecoin transfer volume



Source: [Artemis.xyz](https://artemis.xyz)



III. Key Blockchain Features and Updates

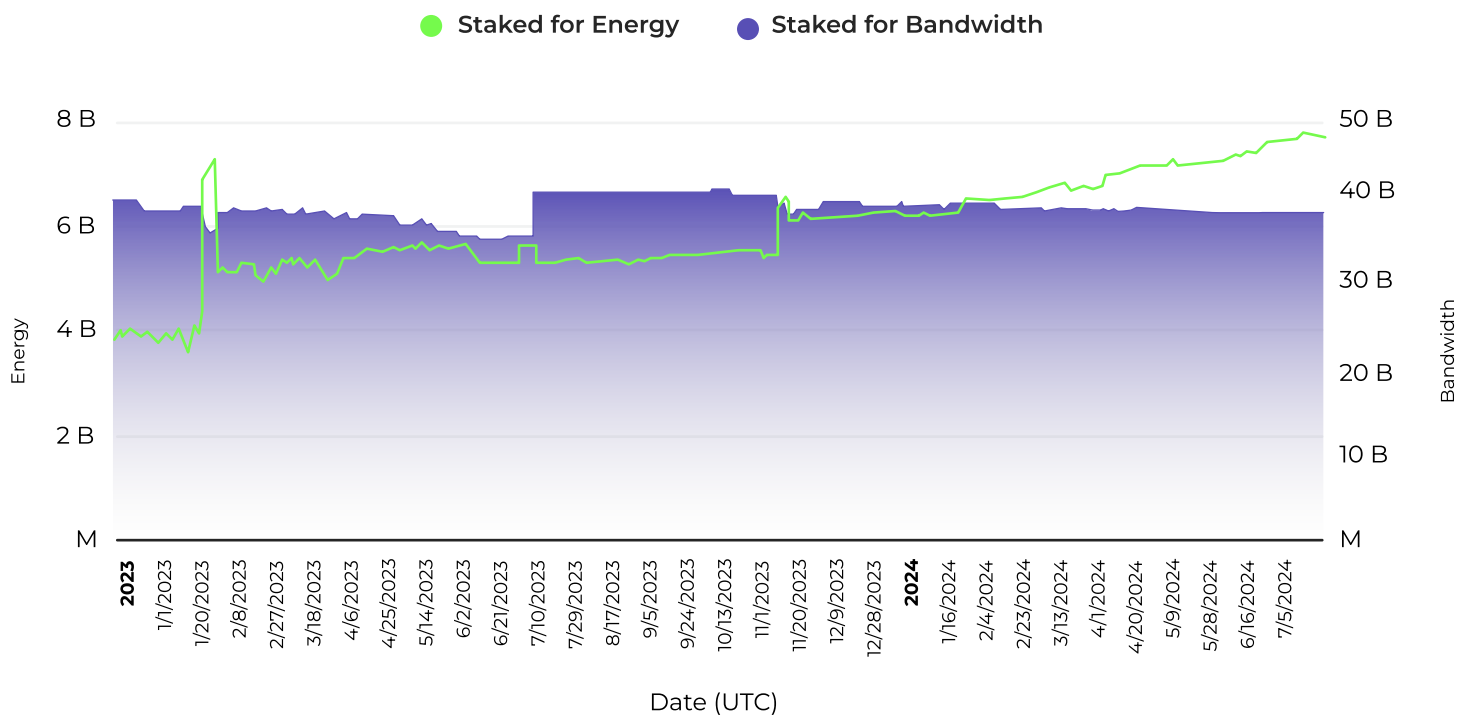
Stake 2.0 – Improving Resource Delegation

TRON has [separate forms of gas for blockchain storage and execution](#).

Storage space on the chain is allocated through so-called bandwidth points, of which every external address has a daily free contingent of 600. Execution, on the other hand, requires energy. If a user wishes to submit a transaction but runs out of either of these resources, they have to start burning TRX as a transaction fee. Apart from this, resources function as an additional incentive for TRX stakers on top of the payouts from block rewards.

The network allocates a total of 43,200,000,000 bandwidth points and 90,000,000,000 units of energy to stakers each day. However, users have to choose between staking for bandwidth or energy. Because complex execution is currently in less demand on TRON, the vast majority of TRX is staked towards bandwidth points. According to TRONSCAN data, 38,550,763,390 TRX are currently used to generate bandwidth, whereas 7,709,513,353 TRX are staked for energy. (Figure 6)

Figure 6: Daily volume of staked TRX over the past 18 months



Source: [TRONSCAN](#)



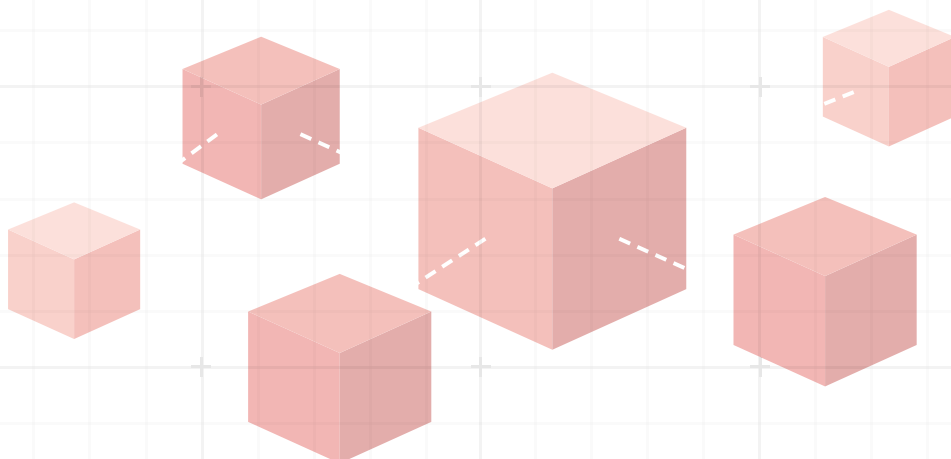
However, under the original Stake 1.0 model, these [resource incentives were rather illiquid](#) and thus kept stakers from effectively taking advantage of them. Resources could only be delegated to other pre-determined addresses at the time of staking. In order to change the address scope to which delegation could occur, users had to unstake and then restake, which takes a period of three days. Furthermore, because staking, unstaking and delegation were not integrated with the execution layer, they were also not scriptable through TVM smart contracts.

Stake 2.0, which came into effect in April of 2024, corrects these shortcomings with TIP-467 and will thus allow better utilization of the resources received by stakers. Because it makes delegation programmable through smart contracts, it could also bring resource incentives to liquid staking protocols such as [STRX Finance](#), making them available to retail users. This could incentivize them to purchase and hold a small amount of staked TRX instead of continually having to re-purchase it to cover transaction fees.

BTTC as TRON's gateway to the multichain ecosystem

Cross-chain interoperability is a notoriously hard engineering problem in the blockchain space. To this date, bridges are among the most attractive hacking targets and are the cause of a [large proportion of funds stolen in the ecosystem](#). At the same time, they are essential for a smooth user experience and seamless onboarding.

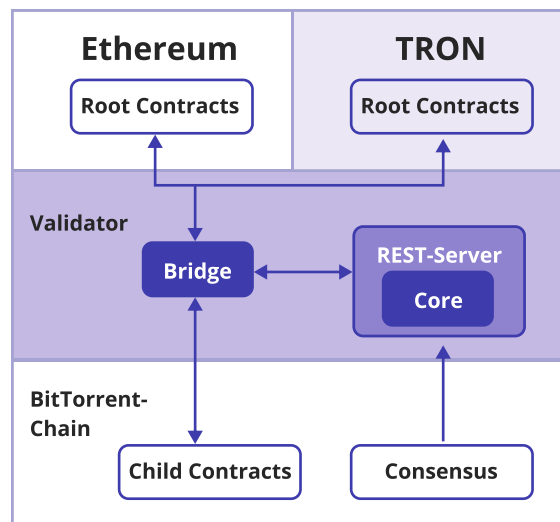
When relying on centralized exchanges, limited liquidity and trading fees can create significant friction for something as simple as transferring USDT from TRON to Ethereum. Given that the same asset is involved on both ends, it will seem unacceptable to most users [that 0.5-2% are lost](#) when transferring large sums from one chain to another.



With the BitTorrent Chain (BTTC) as a scalable cross-chain solution, TRON positions itself strongly to remain interoperable and easy to onboard to. BTTC is a network of EVM-compatible PoS side-chains derived from Cosmos' Tendermint software stack. It is anchored to both the Ethereum and TRON mainnet through root contracts for final settlement and offers bridge and swap functionality between both networks (Figure 7).

Furthermore, final validation is separated from consensus and execution. While [Tendermint-derived delivery nodes](#) take care of the former, the main BTTC client [is a fork of Go-Ethereum](#).

Figure 7: Schematic of BTTC's architecture



Source: [BTTC White Paper](#)

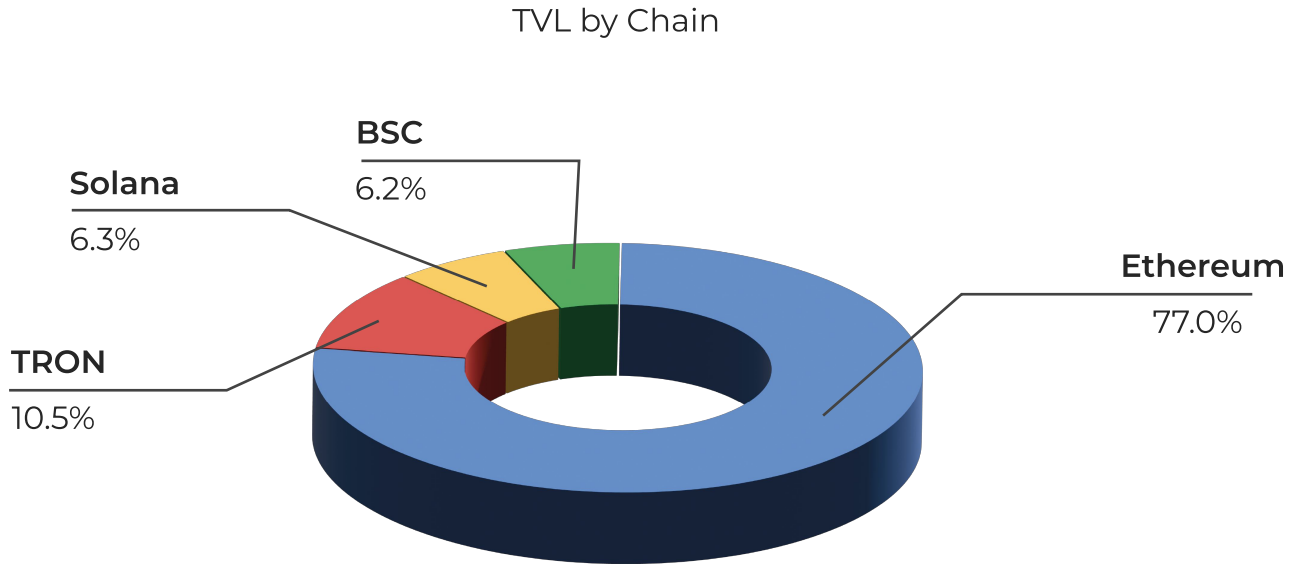
The [web UI of the BTTC bridge](#) already offers access to dozens of TRC-20, ERC-20 and BEP-20 tokens. A greater number of supported tokens and chains can be expected in the future.



IV. TRON's DeFi ecosystem

While TRON mainly gets media attention for its high stablecoin volumes, it also has a budding DeFi ecosystem. According to data from DefiLlama, it has replaced the BNB Chain as the L1 with the second-highest TVL (Figure 8).

Figure 8: TVL of major Layer 1 ecosystems



Source: [DefiLlama](#)

The top DeFi protocols on TRON have had stable TVL numbers over the last two quarters. Fluctuations in US dollar terms were mainly driven by asset price appreciation rather than net inflows or outflows.

The three largest protocols on TRON, in order, are [JustLend](#), with \$5.9 Bn in TVL, [JustStables](#), with \$1.5 Bn and [SUN](#), with \$540M. JustLend and JustStables are two lending protocols that are part of [JustNetwork](#), a framework for governance and protocol development on the TRON chain.

JustLend

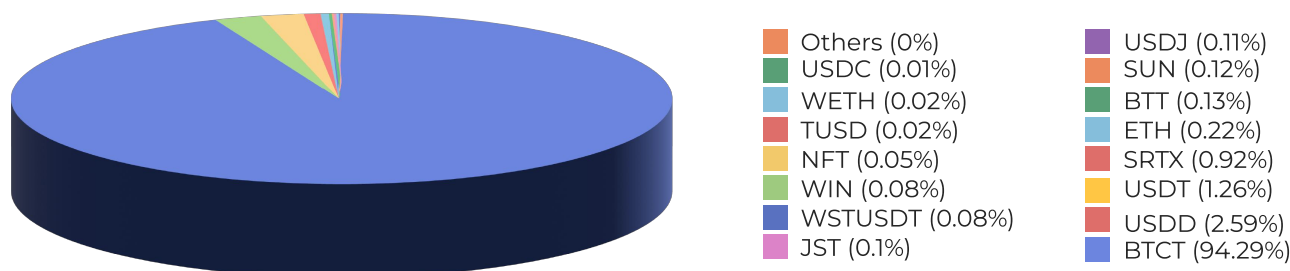
JustLend is conceptually similar to a classic DeFi lending protocol, such as Aave, which has floating interest rates based on supply and demand. Lenders of USDT and TRX receive the interest-bearing [jUSDT](#) and [jTRX](#) tokens to represent their assets.



Borrowers can leverage their entire basket of assets without being liquidated on individual positions. JustLend's TVL is predominantly in BTCT, a TRC-20 token that tracks BTC's spot price (Figure 9).

The market capitalization of the two main interest-bearing tokens indicates that around \$220M worth of assets have been borrowed against this BTC, making for an aggregated LTV of 3.7%.

Figure 9: Breakdown of JustLend TVL by token



Source: [DefiLlama](#)

Current borrowing and supply rates for various assets on JustLend are given in the table below:

Asset	Supply APY	Borrow APY	Total Supply	Total Borrow
TRX	2.18%	9.42%	\$51.45M	\$13.28M
USDD	6.79%	2.15%	\$163.92M	\$3.94M
USDT	0.81%	2.38%	\$167.41M	\$63.75M
wstUSDT	4.55%	0.96%	\$5.81M	\$896.21K
sTRX	18.90%	2.03%	\$56.79M	\$61.80K
SUN	10.60%	20.74%	\$8.53M	\$1.20M
BTT	10.79%	5.33%	\$8.76M	\$780.08K
NFT	14.91%	7.16%	\$3.87M	\$534.09K
JST	10.57%	4.11%	\$7.02M	\$397.12K
WIN	13.18%	6.25%	\$5.78M	\$656.84K

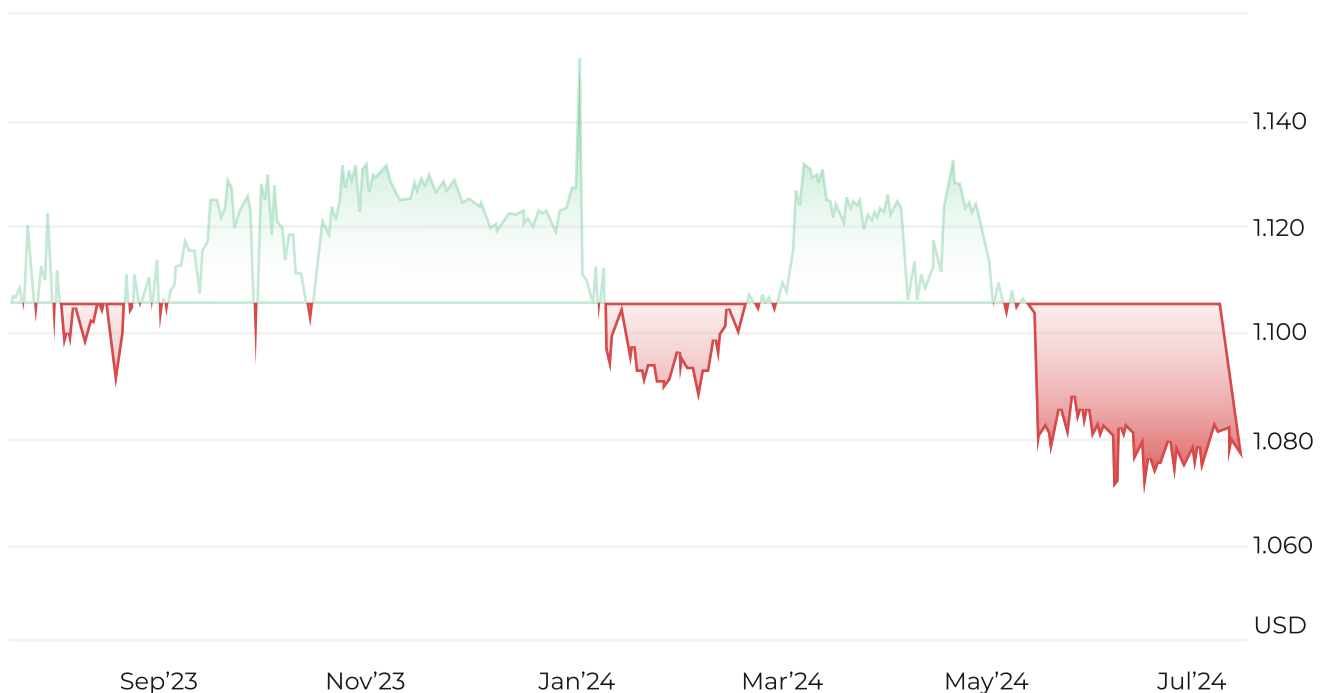


JustStables

JustStables, on the other hand, is a lending protocol that issues its own synthetic stablecoin USDJ based on overcollateralized debt positions. USDJ can be seen as an [alternative to USDD](#), which is itself an overcollateralized stablecoin but managed by the TRON DAO.

Due to its peg stability module (PSM), it has a vastly more stable peg. USDJ, on the other hand, is undergoing significant deviations from its peg (Figure 10) but may be borrowed under much more favorable conditions at the JUST CDP portal, namely at a 0.5% interest rate per year.

Figure 10: Price action of the USDJ stablecoin



Source: [CoinMarketCap](#)

USDJ is entirely collateralized by TRX [at a minimum ratio of 150%](#), but [currently at over 1000%](#). USDD has a minimum collateralization ratio of 130% and [sits currently at 247%](#), but is backed by a more diverse basket of crypto assets including BTC, TRX, and USDT.

The PSM allows users to swap USDD with other [stablecoins at a 1:1 ratio](#), helping to maintain the peg to the US dollar by absorbing market fluctuations. The TRON DAO Reserve employs various monetary policies, including setting benchmark interest rates, open market operations, and the minting-burning mechanism of TRX and USDD, to ensure the stable value of USDD.

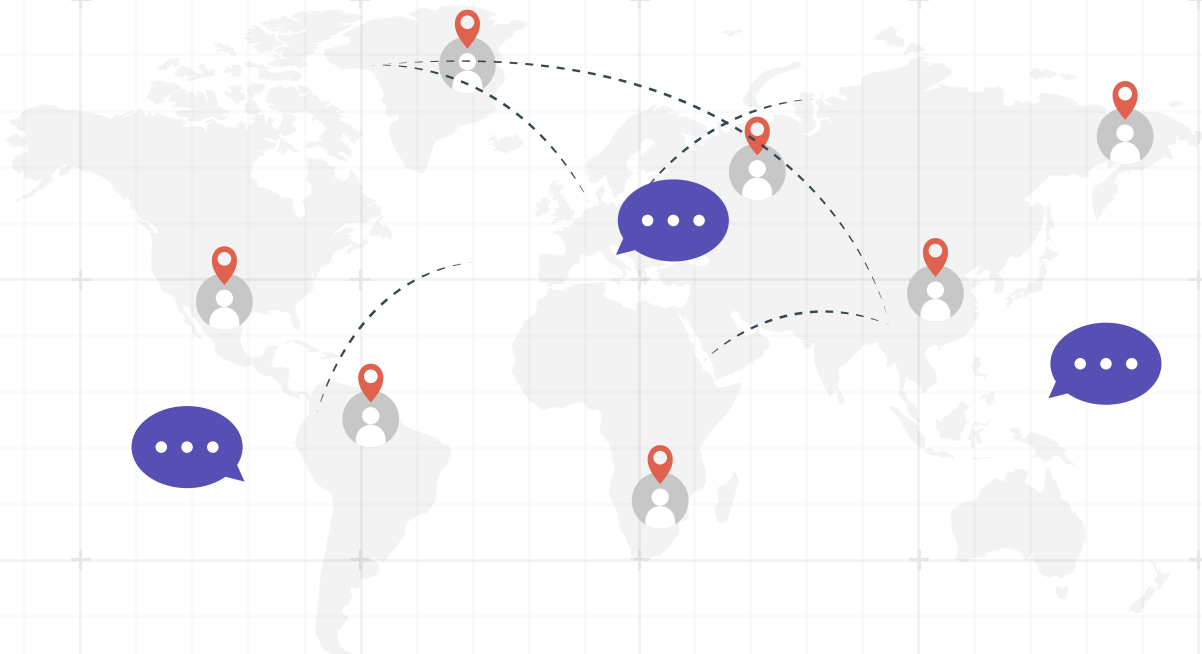


V. Community Engagement

At the time of writing, TRON DAO is [about to start the 7th season](#) of its series of Hackathons for builders, affectionately known as “Hackatron”. Like the previous season, it features a prize pool of \$650,000 and is co-organised with the HTX-DAO, BTTC, and the JustLendDAO.

Participants can submit projects from six different tracks, namely Artistry, Builder, Web3, DeFi and Integration. Applications open on July 25 of this year and are open until Oct. 22. The TRON DAO also offers various grant programmes for ecosystem projects, collectively allocating \$1 Bn to them. [Among these](#), integrations with the BTTC network, the AI fund and other technical developments in the ecosystem are especially emphasized.

TRON has also announced plans to expand into the Bitcoin ecosystem, which is experiencing a resurgence in developer activity. The roadmap for this expansion includes bridging BTC-based tokens to the TRON chain and vice versa, partnerships with various Bitcoin L2 projects, [such as the Merlin Chain](#), and eventually introducing an L2 project that integrates, scales and bridges the TRON, BTC and BTTC networks.



VI. Conclusion

Significant growth has been demonstrated by the TRON blockchain ecosystem, encompassing both payments and decentralized applications. In 2023, increases were recorded in daily active accounts, new accounts, and transactions, with growth rates of [14%, 13.4%, and 28.9%](#), respectively.

This expansion was propelled by the introduction of innovative projects such as the [BitTorrent bridge](#) and Stake 2.0, as well as integrations like TRX liquid staking. By the end of the year, the network's performance remained robust, evidenced by an increase to over [204 million accounts](#)—a 54% rise from the previous year.

In the first quarter of 2024, daily transaction fees reported by TRON amounted [to \\$4.4 million](#), reflecting substantial network activity and utility. The network also maintained [an average of 1.6 million daily active users](#), indicating a highly engaged user base. Moreover, a 15% increase in market cap was noted, alongside a record revenue of \$128.1 million. The DeFi sector of TRON saw a 25% rise in total value locked (TVL), reaching \$22.12 billion, while the stablecoin market cap, primarily driven by USDT, grew by 8%.

Throughout 2024, various metrics have shown growth within the TRON ecosystem, marking significant developments in its capabilities and user base. Impressive transaction volume milestones were recently achieved, highlighting the network's resilience amid market volatility. Despite potential short-term price impacts due to the [transfer of 173 million TRON to Binance](#) by TRON founder Justin Sun, the overall outlook has remained positive.

The network's user base also expanded significantly. May 2024 saw [over 196 million transactions](#) and the creation of more than 6.2 million new addresses, bringing the total number of [unique addresses to 223.5 million](#). In terms of revenue, TRON achieved [\\$128.1 million](#) in the first quarter, ranking it among the top revenue-generating blockchain networks. The number of daily active addresses [surpassed 2 million](#) in March 2024, further demonstrating robust user engagement.



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