

Financial and Informational Integration Through Oracle Networks



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Oracles are software components that enable data exchange between siloed blockchains and external environments, enhancing smart contract capabilities and platform interoperability. We find that oracle integration is positively associated with total value locked and platform/protocol valuation, triggered by positive network effects in adoption and usage. Our study reveals symbiotic gains from enhanced interoperability and network effects across protocols on a given chain and among integrated chains. Oracle integration improves risk-sharing and mitigates contagion, increasing resilience during turbulent periods in crypto markets. We draw parallels between oracle integration and international economics, offering insights for regulators, entrepreneurs, and practitioners in decentralized finance.

Biography:

Daniel Rabetti is a financial economist from Sao Paulo, Brazil, with a Ph.D. in business from Tel Aviv University. He joined the NUS Business School in 2023 as the S. Dhanabalan Chair in Quantitative Studies and as an Assistant Professor in Accounting and Finance. His research lies at the intersection of financial economics, innovation, and intermediation. His scholarly contributions have been presented at several conferences worldwide, covered by popular financial media outlets like Bloomberg, Washington Post, and Financial Times, and published in leading journals, including Management Science, Journal of Accounting Research, and Journal of Accounting & Economics.