

Fees vs revenue: what a crypto protocol keeps

Fees are what users pay to use a protocol, revenue is the share it keeps after paying suppliers such as lenders or validators, and data providers draw that line differently.

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1. **How to read it / Where it misleads**

Fees measure what users pay to use a crypto protocol or blockchain. Revenue measures the part the protocol keeps after paying the people who supply its capital or services, such as lenders, liquidity providers or validators. The gap between the two shows how much of a protocol's activity flows to its own treasury or tokenholders rather than straight through to suppliers.

Neither figure follows an accounting standard. Each data provider decides what counts as a fee, whether non-user income such as staking rewards belongs in it, and how to treat token burns. Revenue in this sense is not profit: Token Terminal says its revenue is measured "before cost of revenue, token incentives, and operating expenses" (source 4).

Burns are the hardest case. On Ethereum, part of each fee is destroyed rather than paid to anyone, and providers report it as revenue by convention. No one receives that amount as cash.

This explains how a metric is calculated. It is not a signal, forecast or recommendation, and past readings do not predict prices. Le Coin does not publish live readings of this metric.

2. The formula

DefiLlama's adapter guide states the core identity as "dailyFees = dailyRevenue + dailySupplySideRevenue" (source 2). Its documentation splits revenue further: "dailyRevenue = dailyProtocolRevenue + dailyHoldersRevenue" (source 1), where protocol revenue goes to the treasury or core team and holders revenue to governance token holders. The guide adds that this second split "does NOT always balance on a given day," because payouts such as buybacks can land on a different day from the income behind them (source 2).

Token Terminal frames the same split in words. Revenue is "the portion of fees that a project retains, as determined by its take rate," and "the remaining fees are distributed to supply-side participants, such as lenders or liquidity providers" (source 4).

Le Coin's restatement:

Revenue = Fees – Supply-side payments

Take rate = Revenue ÷ Fees

3. Example data

The figures below are invented to show the arithmetic. They describe no real protocol.

Line	Exchange (DEX)	Blockchain
Fees paid by users	\$1,000 in swap fees	10 ETH in transaction fees
Paid to suppliers	\$830 to liquidity providers	3 ETH in priority fees to validators
Kept or removed	\$170 to the treasury	7 ETH in base fees, burned
Revenue	\$170	7 ETH, by the burn convention
Take rate	17%	70%

The exchange column is a straight split: \$1,000 minus \$830 leaves \$170. The blockchain column depends on EIP-1559, under which "the base fee per gas is burned" and the priority fee goes to the block producer (miners, in EIP-1559's 2019 wording; validators today) (sources 6 and 7). Counting the 7 ETH as revenue follows the providers' convention; the 7 ETH leaves circulation rather than reaching a treasury.

4. Who publishes it and how definitions differ

DefiLlama defines fees broadly: "All fees and value collected from all sources (users, LPs, yield generation, liquid staking rewards, etc.), excluding direct transaction/gas costs paid by users to the network" (source 1). It tracks the user-paid part separately as `dailyUserFees`. Revenue is "the portion of `dailyFees` kept by the protocol entity itself" (source 1). Its holders revenue includes "buybacks, burns, distributions, external airdrops, bribes" (source 2).

Token Terminal defines fees narrowly. "Fees measure the total value users pay to use a project's application," with examples such as borrower interest, trading fees and blockchain transaction fees (source 3).

The two meet on blockchains. DefiLlama's attribution table lists a chain's revenue as "Burned coins" (source 1). Token Terminal says Ethereum revenue "represents the total fees burned by the Ethereum network, consisting of base fees and blob fees" (source 5).

In Le Coin's view, the main gap is the fee line. A liquid staking protocol's fees can include staking rewards on DefiLlama, while on Token Terminal's definition fees cover only what users pay. The same protocol can show different fees, and so a different take rate, on each site.

5. Where the terms come from

No originator of the fees, supply-side and revenue split is credited in the sources above. The definitions here are the providers' own.

6. What it means

In Le Coin's view, revenue tells you what a protocol keeps, not what it earns after costs. Check which provider a figure comes from and how it treats burns and non-user income before comparing two protocols.

Sources

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