



# Understanding Tokens

# What are Tokens?

- Token on a blockchain are representation of any store of value, equity, use or physical or digital asset.
- Tokens are not limited and restricted to one specific role; rather, they can fulfill several roles in their native ecosystem.
- Tokens can perform many functionalities for a project,
  - Governance token help manage and make decision in respect to future of platform.
  - Utility tokens provide some use to users on the platform like LP tokens for providing liquidity. Or staking
  - Lending/borrowing done using tokens on lending platforms.
- Tokens can be fungible or non fungible depending on the need of the decentralized application.

# Significance of Tokens

- Tokens are not confined to a particular role; hence, they could address multiple functions within their native ecosystem, such as:
  - Tokens can be used as entry points for blockchain applications, and users will require tokens to use the decentralized applications.
  - Individuals' qualifications for possessing specific voting rights could potentially be represented via tokens.
  - Tokens can be used to improve user experience by providing access management and rewards.
  - Tokens can be used as a store of value for internal and external transactions in a certain ecosystem. In addition, they provide a different type of monetary system, such as digital assets.
  - The exchange of value is another important use of tokens.

# Crypto Tokens

Crypto Tokens are special kinds of virtual currency tokens that reside on their own blockchains and represent an asset or utility.

These tokens may be used for trading, storing value, and making transactions.

Crypto tokens are made to provide utility, governance, crowd sale to govern, provide utility and raise funds for the platform.

## Benefits:

- Usability
- Transparency
- Cost and speed of exchange

# How Does Crypto Token Works?



# Fungible and Non-Fungible Tokens

## **Fungible Tokens**

These are the types of tokens identical or uniform in nature and each unit can be interchanged with other unit of the same type. Such tokens relate to the things we use every day, and it applies to real-world currency as well as digital assets.

## **Non-Fungible Tokens**

Non-fungible tokens are special tokens that represent unique, collectible items. They are unique in the sense that they cannot be split or exactly changed for other non-fungible tokens of the same type.

# Fungible Vs. Non-Fungible Tokens

Fungible Tokens	Non-Fungible Tokens
<p>They can be used to sell or purchase assets and are conveniently interchangeable. They have no additional value.</p>	<p>They can be swapped out, and each token represents a unique data value.</p>
<p>The ERC-20 standard is used for fungible tokens.</p>	<p>The ERC-721 standard is used to create Non-Fungible Tokens.</p>
<p>They're mostly used to make deposits and keep track of account balances.</p>	<p>They're often used to reflect the owner's distinct personality.</p>
<p>The number of tokens in owner's hands determines the value shift.</p>	<p>The transition of value is dependent on the token's unique value.</p>

# THANK YOU!

## Any Questions?

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