

Differentiate Between A Blockchain Coin And A Blockchain Token:

1. Blockchain Coin (Native Coin)

Definition: A blockchain coin is the native digital currency of a blockchain network. It is an integral part of the blockchain's ecosystem and is used to pay for transactions, secure the network, and sometimes for governance. A blockchain coin is a digital currency that operates independently on its own blockchain.

- Example Blockchains & Coins:

- Bitcoin → BTC
- Ethereum → ETH
- Binance Smart Chain → BNB
- Litecoin (LTC)

Functionality: Blockchain Coins are primarily used as a medium of exchange, store of value, or unit of account. They can be used to pay for goods and services, transferred between users, and traded on cryptocurrency exchanges.

#Key Features:

- Native to their blockchain: Coins operate on their own blockchain (e.g., BTC runs on the Bitcoin blockchain).
- Used for transaction fees: Coins often pay for gas fees or miner rewards.
- Security & consensus: Coins support network security through staking (Proof of Stake) or mining (Proof of Work).
- Store of value: Often considered a digital asset like gold or currency.

2. Blockchain Token

Definition: A blockchain token is built on top of an existing blockchain using its infrastructure, such as Ethereum's ERC-20 or Binance Smart Chain's BEP-20 standards. Tokens can represent assets, utility, or governance rights within a project. A blockchain token is a digital asset that is created and managed on an existing blockchain

-Example Tokens:

- USDT (Tether) – ERC-20 (Ethereum-based stablecoin)
- Uniswap (UNI) – ERC-20 (Governance token for Uniswap)
- Chainlink (LINK) – ERC-20 (Oracle network token)

Functionality: Tokens can represent a variety of assets and functionalities, such as utility tokens (access to a service), security tokens (investment), and governance tokens (voting rights). They can also be used in decentralized applications (dApps) and smart contracts

#Key Features:

- Built on existing blockchain:** Tokens don't have their own blockchain; instead, they rely on platforms like Ethereum.
- Utility-driven:** They serve purposes such as governance, utility in dApps, or representing real-world assets.
- Smart contract-based:** Tokens are created using smart contracts with predefined functionalities.

Main Differences between Blockchain coin and Blockchain Token-

<u>Feature</u>	<u>Blockchain Coin</u>	<u>Blockchain Token</u>
Existence	Native to blockchain.	Built on existing blockchain.
Purpose	Store of value, transactions.	Utility, governance, assets.
Example	BTC, ETH, BNB.	USDT, UNI, LINK.
Blockchain	Has its own.	Relies on another blockchain.
Usage	Network fees, staking.	dApp functionalities, rewards.
Independence	Coins operate on their own blockchain.	while tokens are built on top of an existing blockchain.
Creation	Coins require the creation of a new blockchain.	while tokens can be created using existing blockchain platforms.

