

ERC20 Token Standard

- **A token** is designed to represent something of value but also things like voting rights or discount vouchers. **It can represent any fungible trading good;**
- **ERC** stands for **Ethereum Request for Comments**. An ERC is a form of proposal and its purpose is to define standards and practices;
- **EIP** stands for **Ethereum Improvement Proposal** and makes changes to the actual code of Ethereum. **ERC is just guidance on how to use different features of Ethereum.**
- **ERC20** is **a proposal that intends to standardize** how a token contract should be defined, how we interact with such a token contract and how these contracts interact with each other.
- **ERC20 is a standard interface** used by applications such as wallets, decentralized exchanges, and so on to interact with tokens;

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- We need a token standard for **interoperability**
- **We use the same wallet** in which we store Ether to buy, sell or transfer a token, but we are actually interacting with a contract.
- **A token holder has full control and complete ownership of their tokens.** The token's contract keeps track of token ownership in the same way the Ethereum network keeps track of who owns ETH;
- There are tokens that are fully-ERC20-compliant and tokens that are only partially-ERC20-compliant;
- A full compatible **ERC20 Token must implement 6 functions and 2 events.**
- There are thousands of ERC20 token contracts defined: <https://etherscan.io/tokens>