

Difference in Cryptocurrency and Token.

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Currently it has become fashionable the digital currency called Bitcoin, this digital currency is also called a cryptocurrency and is the generic term, however, if we review and we go a little deeper into the subject we will see that in reality there is not only the famous digital currency (cryptocurrency) Bitcoin.

But before we start defining quantities and differences between cryptocurrencies and tokens, we will first give a basic concept that will help us to understand the digital currency market more easily.

The first basic point is to know that cryptocurrencies and tokens are controlled by "software" programs that keep track of the sequence of operations that are recorded in a database, this program has an almost perfect or almost inviolable level of security, the "almost" is that realistically 30 years of experience in computer security in any current computer system has or has a security that guarantees 100% security so that it is not corrupted by any external or malicious agent. This programme or software that controls, manipulates, deletes and transfers cryptocurrencies and tokens is usually referred to as "blockchain". As a simple breviary in the coming years there will be a new technology called Quantum Computing or "Quantum Computing" this new technology that is already being applied by organisations such as Google or the Pentagon in the USA will be able to provide 100% security as they use principles of quantum mechanics, but this is part of another document that we will write in the future.

Continuing with our goal of differentiating a cryptocurrency from a token, the next step is to define what a digital asset is. Simply put, it is a digital input (programme or software) whose functions when executed create a monetary value or tangible value in the real world, it is digital information that due to its characteristics has been given an economic value.

Example. When we use a debit card in reality what we do in sending digital information to pay or transfer some amount of physical money that we can move or spend, in the case of digital currencies is something similar to the debit cards is digital money, it is similar in the physical means of communication where it is used which is through computers, a means of communication of digital information, however the operation of traditional banks that provide debit cards is totally different from digital currencies (cryptocurrencies) as is the case of Bitcoin, the important thing is to realize that it is a monetary value that can be handled (spend or transfer) in a digital way "non-physical".

Taking into account the above, we can state that the crypto-asset market (cryptocurrencies with a monetary value) is the global cryptocurrency market where there are people who buy and sell these digital currencies, which we call liquidity in the market, i.e. there must be people interested in selling and people interested in buying, in fact when a cryptocurrency or token is created and is presented for the first time in the cryptocurrency market normally have values very close to zero or no value, its value begins to increase when there is interest in these and begins the supply and demand, for example when the launch of Bitcoin began in January 2009 to March 2010 the first Bitcoins had a value \$0.0 dollars begins its value in April 2010 of \$0.003 dollars after years of interest (demand and supply) of Bitcoin today is situated in each Bitcoin February 2021 close to \$50,000 dollars you calculate the profit, if you buy a few thousand Bitcoin in its beginnings today will certainly be a person without economic problems with a return on investment ROI of 34223.61%.

Continuing, in the current cryptocurrency market every day new cryptocurrency offerings are created and presented, as of February 2021 there are 4200 crypto-assets in circulation, crypto-assets are a mixture of cryptocurrencies and tokens.

So again the question arises as to what is a token that makes it different from a cryptocurrency. A cryptocurrency and a token are both programs or software and both are controlled by the software that executes all payment or deposit operations, so normally a cryptocurrency and a token most people take them as the same since in their daily use they work in a similar or equal way referring to transactions and/or operations of an economic nature.

So people buy tokens thinking they are cryptocurrencies?

The answer is a resounding "YES".

However, equality is only the daily process of operation manipulation referring to transfers, payments and deposits "BUT" the reality is that they are not equal, let's go into detail on the characteristics of each one.

A cryptocurrency, as we indicated at the beginning, is a software or program created to manipulate information that can move digital economic values to convert them into tangible economic values. A cryptocurrency "HAS" its "OWN" custom designed and developed software called (Blockchain) from its inception with innovation, security and performance features, i.e. a cryptocurrency is and was conceived, "developed from scratch" and planned from its inception to not depend on any external software for its operations, they are usually software development or projects that take months in planning and development.

A token is a software that is created depending on the software of a cryptocurrency, i.e. the token is created on top of an already created software of a cryptocurrency, which means that in just minutes you can have your new token. In practice, a token is the heir to all the software technology of an existing cryptocurrency. A token does not have its own software, so it has to adjust to the features of the legacy cryptocurrency software.

Based on the above and in a simple way a cryptocurrency is an original software development (Blockchain), a token is a copy of a cryptocurrency as its characteristics are governed by the software of the cryptocurrency that was chosen to create it, with the above we can logically begin to see the advantages and / or disadvantages.

A cryptocurrency by owning its own software has the following advantages:

- Control of the software development is 100%, which means adding or removing features according to the roadmap of the project.
- It does not depend on external software.

Disadvantages:

- The development time from the beginning is long, months or even years.
- High economic investment.

A token for using existing cryptocurrency software has the following advantages:

- Token creation can be done in a matter of minutes
- Relatively low cost compared to new development.

Disadvantages:

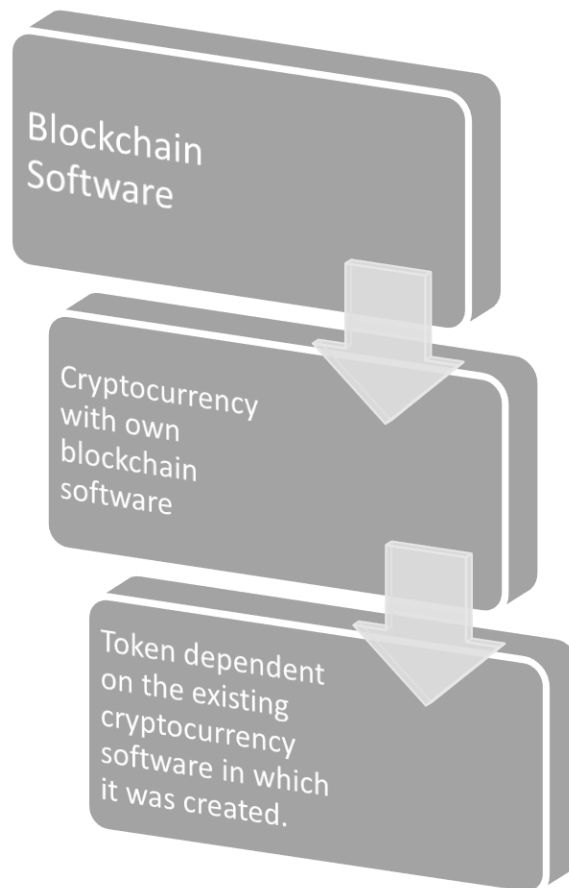
- Dependent on non-proprietary software, conform to the roadmap of the cryptocurrency on which it is based.
- Support dependent on the cryptocurrency on which it is based.

Now comes the most interesting part, knowing how to distinguish a cryptocurrency from a token.

As a reference we can consult the site: <https://coinmarketcap.com>

On this site you will find all the crypto-assets registered worldwide and already traded, you search for the desired crypto-asset, select it and on the top left hand side it is announced whether it is a "COIN" crypto-asset or a "Token".

Dependencies in crypto-assets.



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