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# TOKEN

what are tokens?

and why are they so significant?

If you see on the coin market cap, most of the coins you see are tokens on top of ETH or other small smart contracts. Because we can build a smart contract on top of ETH and smart contract can represent a coin.

ETH - coin

and the other coins are tokens which is on top of ETH

one of the most important standard for ETH is ERC20.

ERC20 standard basically defines how we all program this token because you can program tokens in so many different ways. But it’s good to have standards and all developers design in the same way.

Because if all the tokens look the same and function in the same way and if the code is laid out in the same way **it means that all exchanges and all wallets will be able to support these tokens from day 1.**

This means that if a developer designs a new token, it will be supported by all exchanges and all wallets

So ERC20 is a standard for tokens that you have to keep in mind.

There are several different types of tokens, and the most popular token is fungible tokens

Fungible token means all tokens are the same. We make no difference between tokens, they make all identical, they all have same values.

**ERC20 is the fungible standard and tokens are identical.**

There are also non fungible tokens basically called NFT and they are used in games. For example in games you may have different items and each items are different and unique. And if you want to deploy tokens that are unique, ERC721, ERC1155.

**ERC721, ERC1155 are non fungible tokens basically called NFT. Each token is unique.**

With smart contract do not only think about programmable money with ETH, we can create new economy and new models.