

ERC20 Token Standard

- A **token** is designed to represent something else, in most cases, something of value but also things like voting rights, discount vouchers and so on. **It can represent any fungible trading good;**
- **ERC** stands for **Ethereum Request for Comments**. An ERC is a form of proposal whose 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 like wallets, decentralized exchanges, and so on to interact with tokens;

ERC20 Token Standard

- We need a token standard for **interoperability**. If all tokens created on the Ethereum network use the same standard, those tokens will be easily exchangeable and be able to immediately work with Dapps that use the ERC20 standard;
- **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. That's the token contract, that created the tokens in the first place and that handles the allocation and tracking of those tokens across Ethereum;
- **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 Ether;
- A full compatible **ERC20 Token must implement 6 functions and 2 events**.
- There are thousands of ERC20 token contracts defined: <https://etherscan.io/tokens>
- There are tokens that are fully-ERC20-compliant and tokens that are only partially-ERC20-compliant;