

What is the difference between token and coin

Coins are part of the layer 1 blockchains and they serve as a currency. They are a store of value and can be mined through the proof of work or proof of stake consensus mechanism. Tokens are built on top of the layer 1 blockchains meaning they are part of layer 2 protocols. They can be used to represent assets, serve specific utility in that protocol, such as uni, or for a share of ownership in a DAO. A token cannot be mined but is distributed by the project developer.