Web3 Terms & Concepts

An Executive Reference to Digital Infrastructure

Plain-English definitions. Business context. No jargon for jargon's sake.

Use this reference to decode the language behind blockchain networks, digital assets, stablecoins, tokenization, smart contracts, custody, identity, and enterprise integration - and to understand why each concept matters when evaluating a business use case.

2026 EDITION
argotagency.io

How to Use This Reference

You do not need to memorize every term. The goal is to recognize the language, understand the business implication, and know which concepts deserve deeper attention for a particular use case. Each entry pairs a concise definition with the reason it matters in a business or operating context.

FOUNDATIONAL	INFRASTRUCTURE	FINANCIAL	TECHNICAL
Baseline fluency	System design	Money & markets	Useful to recognize

Foundations & Networks How shared transaction infrastructure works

Blockchain FOUNDATIONAL

A type of distributed ledger that records transactions or state changes in cryptographically linked blocks shared across a network.

Why it matters: It can create a common record among parties that do not rely on one organization to maintain the authoritative database.

Distributed Ledger FOUNDATIONAL

A replicated record of transactions or data maintained across multiple computers or organizations. Not every distributed ledger uses a blockchain structure.

Why it matters: It is the broader infrastructure concept behind systems designed to maintain a shared record across multiple participants.

Public Blockchain FOUNDATIONAL

A blockchain network that is generally open for anyone to read and, subject to protocol rules, submit transactions or participate in network activity.

Why it matters: Public networks can provide broad interoperability and open access, but businesses must evaluate privacy, governance, compliance, and operational requirements.

Permissioned Network INFRASTRUCTURE

A blockchain or distributed-ledger environment in which access, validation, or transaction rights are restricted to approved participants.

Why it matters: Permissioning can make shared infrastructure more compatible with enterprise controls, regulated activity, and known counterparties.

Layer 1 (L1) INFRASTRUCTURE

The base blockchain network that provides its own consensus, transaction processing, and final settlement.

Why it matters: L1 selection affects security, cost, finality, ecosystem access, and the technical assumptions underlying an application.

Layer 2 (L2) **INFRASTRUCTURE**

A system built on top of a Layer 1 to process transactions more efficiently while relying on the base network for some combination of security or settlement.

Why it matters: L2s can improve speed and cost, but they add another layer of technical and operational dependencies.

Consensus Mechanism **TECHNICAL**

The rules and processes a distributed network uses to agree on which transactions are valid and what the current state of the ledger is.

Why it matters: Consensus determines how trust is established at the network level and influences security, performance, and governance tradeoffs.

Finality **INFRASTRUCTURE**

The point at which a transaction is treated as sufficiently settled that it is not expected to be reversed.

Why it matters: Businesses need to know when a transaction can be treated as complete for settlement, accounting, inventory, collateral, or contractual purposes.

Assets & Tokenization How value, ownership, and rights are represented

Digital Asset FOUNDATIONAL

Any asset or right represented in digital form. In Web3, the term often refers to blockchain-recorded assets such as tokens, stablecoins, or tokenized claims.

Why it matters: The category is broader than cryptocurrency and increasingly includes financial instruments, rights, credentials, and other forms of digitally represented value.

Token FOUNDATIONAL

A digital unit recorded on a blockchain that can represent value, utility, ownership, access, or another defined right.

Why it matters: The business meaning of a token depends on what it represents and the legal, economic, and operational rules attached to it.

Fungible Token TECHNICAL

A token designed so that units are interchangeable with one another, much like individual dollars in the same currency.

Why it matters: Fungibility is important when the asset must function as money, a standardized financial claim, or another interchangeable unit of value.

Non-Fungible Token (NFT) TECHNICAL

A token designed to represent a distinct item, right, or record rather than an interchangeable unit.

Why it matters: NFT architecture can support unique ownership, credentials, access rights, or digital records even when collectible use cases are irrelevant.

Tokenization FINANCIAL

The process of representing an asset, claim, or right as a blockchain-recorded token.

Why it matters: Tokenization can change issuance, transfer, settlement, servicing, programmability, and interoperability - but it does not automatically change the underlying asset's economics or legal status.

Real-World Asset (RWA) FINANCIAL

An off-chain asset or claim - such as a Treasury, fund interest, private credit instrument, commodity, or real-estate interest - represented or serviced using blockchain infrastructure.

Why it matters: RWA activity connects traditional assets to digital infrastructure, making legal structure, custody, valuation, and settlement design especially important.

Token Standard TECHNICAL

A technical specification that defines how a class of tokens behaves and how applications can interact with it.

Why it matters: Standards make assets easier to integrate across wallets, markets, applications, and other infrastructure.

Money & Markets How value moves, settles, and becomes usable

Stablecoin FINANCIAL

A digital token designed to maintain a relatively stable value against a reference asset, most commonly a national currency such as the U.S. dollar.

Why it matters: Stablecoins can function as blockchain-native money for payments, treasury, settlement, and transactions involving digital assets.

Fiat-Backed Stablecoin FINANCIAL

A stablecoin whose issuer maintains reserves intended to support redemption at or near the referenced fiat value.

Why it matters: Reserve quality, redemption rights, issuer risk, regulation, and distribution infrastructure matter as much as the token itself.

Tokenized Deposit FINANCIAL

A digital representation of a commercial-bank deposit recorded on programmable or distributed-ledger infrastructure.

Why it matters: Tokenized deposits may bring bank money into programmable environments while preserving a direct relationship with a regulated deposit-taking institution.

Settlement FINANCIAL

The completion of a transaction through the final transfer of money, assets, or both between the parties.

Why it matters: Many digital-infrastructure projects create value by reducing the time, reconciliation, and counterparty exposure between execution and settlement.

Atomic Settlement FINANCIAL

A transaction design in which linked transfers occur together - either all sides complete or none do.

Why it matters: Atomicity can reduce principal risk when cash and assets need to move simultaneously, particularly in delivery-versus-payment workflows.

Liquidity FINANCIAL

The ability to buy, sell, or transfer an asset without causing excessive delay or price disruption.

Why it matters: Tokenization can improve transferability, but liquidity still depends on demand, market structure, access, and available counterparties.

On-Ramp / Off-Ramp INFRASTRUCTURE

Services that connect traditional money and banking systems with blockchain-based assets or networks. An on-ramp moves value in; an off-ramp converts or redeems value back out.

Why it matters: Businesses using stablecoins or digital assets need reliable ways to connect on-chain activity with existing banking, treasury, and payment systems.

DeFi (Decentralized Finance) FINANCIAL

Financial services delivered through blockchain-based protocols and smart contracts, often enabling trading, lending, borrowing, or asset management without a conventional centralized operator at every step.

Why it matters: DeFi demonstrates how financial functions can become programmable and composable, while also introducing governance, market, smart-contract, and regulatory risks.

Programmability & Data

How shared rules and external information become executable

Smart Contract INFRASTRUCTURE

Code deployed to a blockchain that executes predefined rules or actions when specified conditions are met.

Why it matters: Smart contracts can coordinate payments, permissions, settlement, transfers, and other multi-party processes through shared logic.

Oracle INFRASTRUCTURE

A mechanism or service that supplies a blockchain application with information originating outside the blockchain, such as prices, events, rates, or identity status.

Why it matters: Smart contracts often depend on external facts. The quality, resilience, and governance of the data source can therefore become a critical system risk.

Decentralized Application (dApp) TECHNICAL

An application that uses blockchain networks or smart contracts for at least part of its core logic, data, or asset interaction.

Why it matters: The visible user experience may look conventional even when blockchain infrastructure operates underneath it.

Composability TECHNICAL

The ability of digital assets, protocols, and applications to interact and build on one another through common standards and programmable interfaces.

Why it matters: Composability can accelerate innovation and reduce integration friction, but it can also create dependency chains across external systems.

Programmable Money FINANCIAL

Money or money-like digital value that can interact with software rules governing when, where, or under what conditions it moves.

Why it matters: It opens the possibility of connecting payment directly to business events, settlement conditions, treasury rules, or asset transfers.

Interoperability INFRASTRUCTURE

The ability of networks, applications, assets, or enterprise systems to exchange information or value and work together.

Why it matters: A Web3 system that cannot connect to banks, enterprise software, counterparties, or other networks may simply create a new silo.

Bridge TECHNICAL

Infrastructure that transfers or represents assets or information across separate blockchain networks.

Why it matters: Bridges can expand interoperability, but their security model and dependency structure must be evaluated carefully because cross-network movement adds risk.

Custody, Identity & Access Who controls assets, credentials, and permissions

Wallet FOUNDATIONAL
Software or infrastructure used to manage blockchain addresses, credentials, and the keys or authorization methods needed to interact with digital assets and applications.

Why it matters: For enterprises, a wallet is less a consumer app than an access and control layer tied to treasury policies, permissions, accounting, and security.

Private Key FOUNDATIONAL
A cryptographic secret used to authorize transactions or prove control over a blockchain address.

Why it matters: Who controls the key - and how that control can be recovered, delegated, or protected - is a core governance and operational question.

Custody INFRASTRUCTURE
The safeguarding and control of digital assets, keys, or transaction authority on behalf of an owner or client.

Why it matters: Institutional use cases often depend on regulated custody, segregation of assets, authorization controls, recovery procedures, and clear legal responsibility.

Self-Custody INFRASTRUCTURE
An arrangement in which the asset owner directly controls the cryptographic credentials required to move or manage the asset.

Why it matters: Self-custody can reduce reliance on a third-party custodian, but it shifts security, recovery, and operational responsibility to the owner.

Multisignature (Multisig) INFRASTRUCTURE
A control arrangement requiring multiple approved signatures or keys before a transaction can be executed.

Why it matters: Multisig can separate duties and reduce single-person control, making it useful for treasury, governance, and high-value transactions.

Multi-Party Computation (MPC) TECHNICAL
A cryptographic approach that allows multiple parties or systems to jointly authorize an action without reconstructing a complete private key in one place.

Why it matters: MPC can support institutional-grade key management, policy controls, and recovery while reducing reliance on a single key holder.

Digital Identity / Verifiable Credential INFRASTRUCTURE
A digital method for proving facts about a person or organization - such as identity, status, authority, or eligibility - in a way that can be independently verified.

Why it matters: Business systems can use verifiable credentials to confirm permissions or compliance without necessarily placing sensitive underlying identity data on-chain.

Integration, Governance & Risk How blockchain systems fit into real organizations

On-Chain / Off-Chain FOUNDATIONAL

On-chain activity is recorded or executed on a blockchain; off-chain activity occurs in external systems such as databases, banks, applications, or legal processes.

Why it matters: Most enterprise architectures are hybrid. The important design question is which records and actions belong on-chain and which should remain elsewhere.

API (Application Programming Interface) INFRASTRUCTURE

A standardized way for software systems to exchange data or request functions from one another.

Why it matters: APIs are often the connective tissue between blockchain infrastructure and ERP, accounting, banking, compliance, CRM, and other enterprise systems.

Permissioning INFRASTRUCTURE

Rules that determine which users, organizations, or addresses may access data, hold assets, approve actions, or execute transactions.

Why it matters: Permissioning allows shared infrastructure to operate within business, governance, and regulatory constraints.

KYC / AML FINANCIAL

Know Your Customer and Anti-Money Laundering controls used to identify participants, assess risk, monitor activity, and meet financial-crime obligations.

Why it matters: Digital-asset infrastructure does not remove these obligations; in many business models, compliance requirements help determine the architecture from the beginning.

Governance FOUNDATIONAL

The rules, roles, and decision processes that determine how a network, protocol, asset, or system is changed and controlled.

Why it matters: Decentralized technology does not eliminate governance. Businesses need clarity on who can upgrade contracts, change rules, pause activity, resolve failures, or make exceptional decisions.

DAO (Decentralized Autonomous Organization) TECHNICAL

An organization or coordination structure that uses blockchain-based voting, tokens, smart contracts, or other digital mechanisms to distribute some governance rights among participants.

Why it matters: DAOs are one model for shared governance, but legal accountability, decision rights, treasury control, and operational execution still require explicit design.

Smart Contract Audit INFRASTRUCTURE

A structured security review of smart-contract code intended to identify vulnerabilities, logic errors, or other weaknesses before or after deployment.

Why it matters: Audits reduce risk but do not guarantee safety. Production systems also need testing, monitoring, change controls, incident response, and governance.