



What is Chainlink and How Does it Work?

You might be intrigued to know more about blockchain technology and how it will move forward now. Many people query how decentralized storage network and blockchain technology can now progress. That is [what is Chainlink](#) related to. Blockchain technology was earlier related to just safe data transfer and validation of financial transactions. But with the introduction of smart contracts, it can execute various kinds of commands based on the data input.

But since smart contracts are typically limited in taking direct input from external sources, an oracle (a medium of transferring data) like Chainlink is set between them. But the whole process is more challenging than it sounds, as multiple problems need to be tackled. So, in this post, we discuss 'What is Chainlink?'

What is Chainlink?

Smart contracts have grown to a level that they are being used in activities like fundraisers. They are sets of agreed-upon agreements executed only when described conditions are met. However, the biggest problem that developers face with smart contracts is that they require data from the external world, but since they work on a blockchain, they can only use the on-chain data. That is what a mediator like Chainlink is there to furnish.

Since having a single node (oracle) to furnish this off-chain data in the form of on-chain data is bound to become centralized, Chainlink uses multiple nodes that feed information to the blockchain and the smart contract, to get the required output.