

Is NFTs a Scam and NFTs' Facts You Should Know

Non-fungible tokens (NFTs) are a unique token that is digitally represented as art, music, video or audio and can't be interchanged. There are the latest trends in the crypto space, and it should be no surprise that trends attract scammers, but is NFTs itself a Scam?

Arts are not scam... people had spent millions of dollars on their favorite art.

So Digital arts cannot be scammed because...

All NFTs are as unique as our fingerprints, even though they might digitally look the same.

NFTs can be minted on blockchains like Ethereum, Binance Smart chain, Tron and many more.

NFTs might represent real-world objects, and people from any part of the world can buy and own them without crossing a border or sitting for hours in an auction event.

The crypto space keeps proving itself better than the traditional financial methods. For example, you might have heard of DeFi (Decentralized Finance), a way to lend, borrow and earn assets without a third party or buy coins without your bank account, KYC or credit cards. Since it launched in 2017, the DeFi world has locked over \$100 billion, and people initially thought it was a bubble.

Pros and Cons of NFTs

Prior to the 2020 Corona pandemic, non-fungible tokens were unpopular. It has changed the life of many artists and meme celebrities. If you know how to invest in NFTs, you are probably already on your way to a million dollars, if not ten. Non-fungible tokens have both advantages and disadvantages, just as everything else does.

Pros

Big Stream of Income for Artist

Before NFTs, artist had to sell their art on sites like eBay, Instagram or Twitter and if you don't have a large amount of followers you are not going to have a great sale. But that has changed, we've seen even a 12-year-old selling big through NFTs. With NFTs Marketplace, gaining huge followers is easy once your work is attractive. You don't need to advertise.

Changeability

Even though NFTs look the same, they differ digitally and the blockchain minting serves as a verification, which makes it impossible to change. The art you bought is pegged to the blockchain and this helps store the value, otherwise it's just a picture.

Smart Contracts

The blockchain also makes it possible for artists to receive royalties when their works are resold, and this is an aspect I admire about the blockchain.

Charitable

NFTs serve as a big tool for charity, it has given birth to another stream by which NGO companies can create and sell art for charity purposes. And we have seen a lot of this making waves in the NFTs space.

Cons

NFTs Can Be Stolen

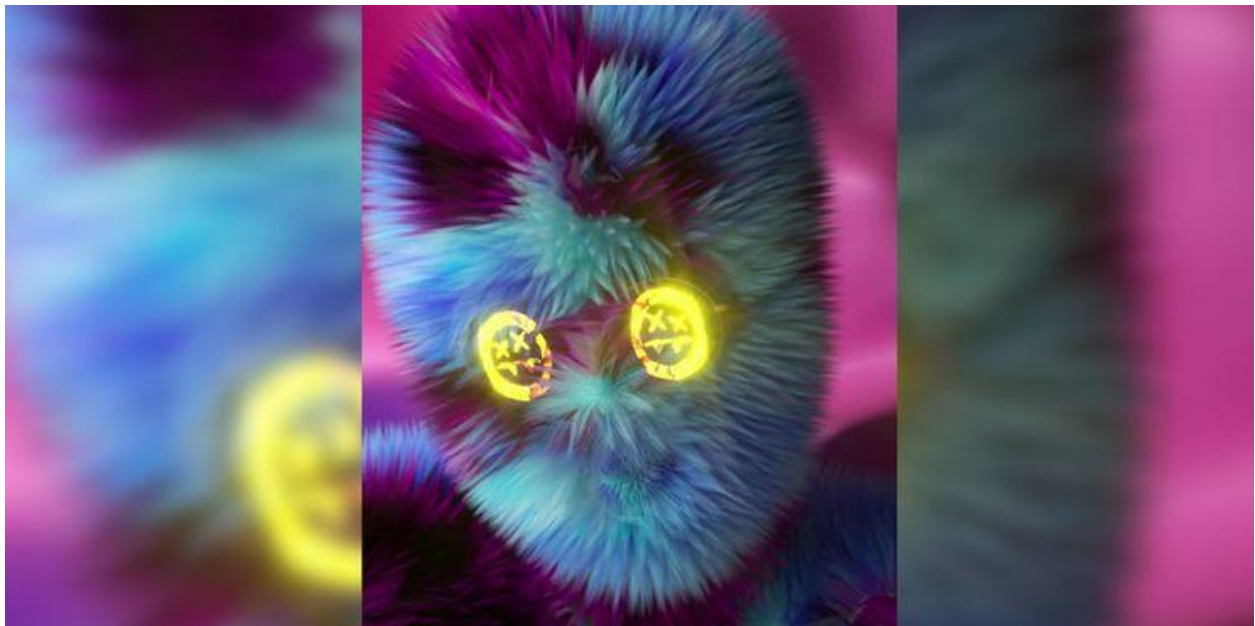
The same as your bank account, NFTs are also susceptible to theft, but I promise you nobody is going to get hurt. You can avoid this by using 2FA and avoid suspicious platform links sent to your email.

Duplication is possible

Just because you have the “ownership” of art, it doesn’t mean I can’t download it and mint it on another platform. Nobody can control the market, and that’s why you must verify the artist before purchasing.

It's all Speculation

There is no way to confirm the worth of your NFTs assets or predict their price in the next four years. This is the number one reason you should buy NFTs that you love. It’s possible to resell and make 10X and also lose 5X.



Why are Non-Fungible Tokens Valuable?

I know there are sometimes you just look at some NFTs and wonder why the hell is this worth a million dollars, I swear I can relate, lol. But there is something you don't know. Other than lovers of arts and collectables who are willing to pay tens of thousands of dollars online for their favorite art, there is a tangible reason Non-Fungible tokens are selling and investors use this formula to see if an art is worth buying.

The formula shows four frameworks of checking the value of an NFT;

Value of an NFT = Utility + Ownership History + Future Value + Liquidity Premium

Here is a simple breakdown

- Utility is what can the NFT be used for, and right now there are two major uses; game assets and tickets.
- Ownership history shows how many people have bought the art and the more previous owner the higher the value.
- Future value is how much it can sell and while this may be speculation, it is human nature to speculate. People seem to favor old things, and you can literally sell everything your great-grand father has for millions of dollars, if they are good conditions.
- Liquidity premium is higher when the NFT is minted on an On-chain platform and low when it's an Off-chain. So, ERC standard NFTs are easily to trade and would cost more.

	Utility	Ownership history	Future value	Liquidity
Euro 2020 NFT ticket	High	Low	Low	Medium
CryptoKitties	Medium	Low	Low - Medium	Medium
Formula 1 Delta Time car	Low	High	Medium	Low
SuperRare artwork	Low	Medium	High	High
My Crypto Heroes hero	High	Low	Medium	High
Decentraland property	High	Low	Medium - High	High

Is Non-Fungible Token a Scam?

The opportunities created by NFTs are mind-blowing, and since its biggest explosion in 2020, many people have experienced a significant change in their life. Local artists and photographers have been able to sell their works for thousands of dollars. Celebrities have also had their share and sold their meme or photo.

For example, [Mike Winklemann](#), a digital artist popularly known as Beeple, sold his “Everydays: the First 5000 days” art for \$69 million on March 12, 2021. Another project, Cyberpunks, has also made many of its early collectors 10 to 1000 times richer.



Opportunities are not dwindling. A 12-year-old, Benjamin Ahmed from London, made over £250,000 from his Weird Whales NFTs collection in August 2021. My passions were eating and playing games when I was 12 years old, lol.

This proves that anyone can be an NFTs creator.

All these artists and many other collectors would not have experienced this life-changing event if it were a scam.

And the buyers would not exist.

A better question is: Are NFTs a bubble, or are you buying them from a scammer?

There are a lot of collectors on this planet. Some people enjoy art, photo, and other digital files and don't care how much it cost to get it. You might have heard of collectors of bones, animal skins, weird cars, baseball cards and many more – this here is the reason why NFTs might not be a bubble. I bet you don't mind paying thousands of dollars to own your favorite item with you at all time.

It is clear that there are two kinds of buyers in the NFTs market; collectors (with no intention to resell - they bought it for the love of it) and investors (people who buy to resell).

So long the love for art doesn't die down, NFTs are going to continue to grow or remain stable, but the buying intention may change, and this may result in investors not profiting from their collections.

Let me explain

When collectors keep buying NFTs above their "fair price," there will come a point when investors will feel NFTs are overhyped, and they will only buy if they love the act and aren't planning to resell it.

A change in buying intention would create a bubble in the NFT market, since investors would be scared that they won't be able to make profits- collectors would be the only buyers left in the market.

Meanwhile, on the creators' side, people are beginning to create NFTs from almost anything even with image from Google and this could also create a bubble.

If you follow NFTs trends, you will agree with me that the bubble is already in play.

Due to the way NFTs can be incorporated into games, musics, movies, products, brands, events, and many other areas, the bubble might be hard to burst. I mean, look at [Axie Infinity](#) and other incredible NFTs ecosystem. If NFTs are a bubble, it's not bursting anytime soon. When I don't know maybe next 20 years, 5 years, 1 years or even tomorrow, lol.

With this in mind you fear should be falling for scams and buying "fake NFTs" and here are

Top 5 Scams Practice in the NFTs Market that you must know

Scammers have found their way to the NFTs space, and it's driving people crazy because it's so smooth you might fall for it. These scammers will setup website and social media accounts that looks so real. And there ain't stopping anytime soon.

1. Replica Stores

Scammers will copy everything from an original NFTs store, including the logo, layouts and contents. This act of scamming is known as phishing. After setting up the phished site, they will send the link to email addresses extracted from the original site.

The purpose of the email is to convince the users to input the login credentials. They'll say something urgent to make you panic and click on the link without looking at the URL. You wouldn't even notice the poor quality images and contents.

And once you log in, they get your details and proceed to withdraw all of your assets. Keep in mind that they are a thousand of email tricks and something they personalized it and target you alone.

Solution:

- Don't panic when you receive an email from your platform.
- Use 2FA security on your platform.
- Use the app or type in the URL of the website into your browser.

2. Fake NFTs Stores

These are a bit different from Replica stores. They might have genuine logos and contents, but their NFTs are fake - they are not minted, which makes them unreal.

They just sell ordinary pictures.

The companies are not registered, and they always overhype their NFTs but put low price on them, so you can buy plenty.

Solution:

- Never pay with a credit card for NFTs, always use a crypto wallet.
- Check reviews on [Trustpilot](#)
- Check their social media comments
- Use [WHOIS](#) to look up the owners of the site, and look at the registration date.

3. Artists Impersonation

Top digital artists are now getting look-alike and even verified profiles on NFTs market platform and social media. These scammers take the time to verify and edit the “page” to look like their target artist.

They mint the works of the artist and sometimes create look alike arts to make it look like a new project. It is almost impossible to notice if you don't know the original artist. Millions of dollars has been stolen by these impersonators.

Solution:

- Before buying any NFTs from any marketplace like Rarible or stores, verify them on social media.
- Google the artists
- contact them via their email address

4. Airdrops or Giveaway

Airdrops are nothing new in the crypto space, and it's not dying down soon. The use of giveaways and airdrops is one way for brands to advertise and give back, but it's also a way for scammers to get access to your wallet. Scammers would create fake airdrops or giveaways post of top brands and steal coins from victim's wallet. When you click on the links and submit your wallet address, you have given them permission to withdraw your assets.

Solution

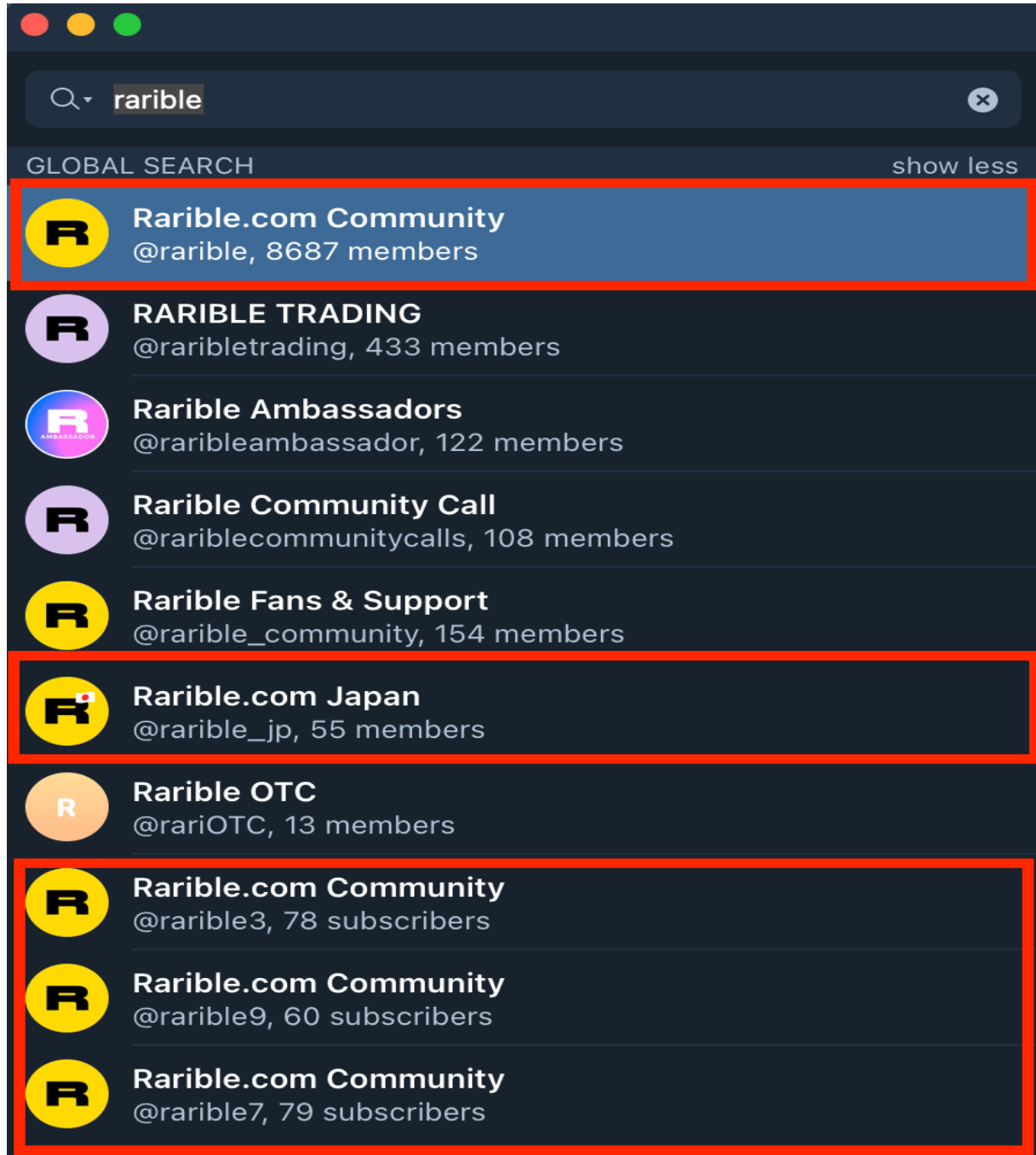
- On your wallet's DApps browser, enter Beefy.Finance and use its security feature to revoke permissions.
- Don't participate in unverified airdrops, you can always check the brand's site.

5. Impersonations of Brands on Social Media

I'm sure you are aware that every brand that has gained popularity has a lot of fake social media accounts, even celebrities.

In the NFTs space, Telegram and Discord are the most popular social platform to meet and connect with buyer, creators and middleman. If you go to Telegram and search “Rarible” you will see so many groups. The process has become a pain in the ass, and sometimes they add you to groups without your consent, lol. By joining one scam group on Telegram, you will be added to five more scam groups within the next 24 hours.

It’s like a virus on its own.



Solution

- Make sure you get the link from the brand's website before joining any group.
- Don't pay for anything or buy NFTs from someone in a group, be sure you go through the Platform.

The truth is Non-fungible Tokens are not scams, they are good investment, but you need to make research before you buy, and also make sure you buy from the original source. Put the formula in mind when you want to purchase any NFTs.

Cryptocurrency is all about DYOR (Do-Your-Own-Research) and you should treat this digital arts exactly how you treat coins. They are assets and investments, except you just love it.