

A Beginner-friendly explanation of NFTs

Have you ever created a unique piece of art? Have you ever bought an item that seems to be the "only one in the world"? No doubt we all like the feeling of owning unique items.

If that describes you, you would be interested in the newest thing in the block, NFTs. You might wonder, what are NFTs? What is the use of NFTs? These and more we will answer in this article.

What is an NFT?

NFT means **Non-fungible Token**. To understand the concept of NFTs, let's define what a Fungible asset and a Non-fungible asset is.

A fungible asset can be easily replaced or exchanged. Fungible assets can not describe as rare, unique, special, or collectible—E.g. Gold, Oil, Bronze, Wheat, etc. A non-fungible asset, on the other hand, refers to something unique, one of a kind, collectible and exceptional. E.g., a painting sold as an NFT.

That being said, NFTs are blockchain tokens that represent a unique item digitally and enable you to buy or sell ownership of the displayed digital item.

NFTs have a non-transferable, unique identity that sets each token apart from the other. That is to say; each NFT has a unique identity that can't be shared, thus making it different from other NFTs.

NFTs can be anything from art, music, graphics, images, even tweets.

Are NFTs a Cryptocurrency?

The short answer to this is No. NFTs are not cryptocurrencies; they use the same technology that powers Cryptocurrency, the blockchain. But they are strikingly different; Cryptocurrencies are fungible assets as they can be exchanged or traded.

How do NFTs work?

NFTs work on the **Ethereum blockchain**, although other blockchains support NFT.

So many marketplaces exist where you can buy and sell NFTs; it's like buying items on Amazon. So you get a wallet (usually an Ethereum wallet) in the marketplace and fill it with the Cryptocurrency peculiar to that marketplace, and you can carry out transactions.

On the NFT market, cryptocurrencies are more readily accepted as the means of payment; they aren't seen as illegal or restricted in their use.

Some market places where you can trade NFTs are:

- Crypto.com
- Solana
- Rarible
- Nifty Gateway
- MakersPlace
- OpenSea
- SuperRare
- BakerySwap
- NFT ShowRoom etc

Is NFTs Eco-friendly?

Ethereum blockchain powers NFT, and the amount of carbon footprint for Ethereum blockchain is significant, and so is **minting** an NFT.

Minting is the series of processes of creating an NFT. That is to say, registering the token on a blockchain and linking it with your media.

So, for an eco-friendly NFT, cryptocurrencies could use a different system to run blockchains, "**Proof of Stake**" (**PoS**), rather than Proof of work. The PoS runs on far less energy as it is independent of immense computing power.

Some examples of blockchain supporting eco-friendly NFTs are:

- Tezos
- Polkadot
- Hedera
- Hashgraph
- Algorand and others

Example of items that have been sold as NFTs

GIFs, Games, stickers, images, pretty much anything can be sold as an NFT; the limitation is in your imagination.

That being said, here are some genuine cases of NFT sales:

- Jack Dorsey, Twitter CEO, is selling his first tweet as an NFT, currently valued at 2.5million dollars.
- Elon Musk, Tesla CEO, sold a song about NFT as an NFT.
- NyanCat made a Rainbow Cat GIF and sold it as an NFT for \$690,000.
- Toronto artist Krista Kim sold a 'digital home' called "Mars Home" for \$500,000.
- Non-celebrities are also selling things as NFTs.

Why the excitement about NFTs?

NFTs, give a different perspective to the digital space. Creators can take credit for their creations because even if they sell their art, they can still receive royalties when a new owner resells the piece.

With NFTs, cryptocurrencies are more readily accepted as the means of payment, and they aren't illegal or restricted in their use.

The future of NFTs cannot be determined now; the excitement might fade off with time, but at the moment, if you have an NFT-worthy asset, do not hesitate to enjoy the benefit that comes from the marketplace.

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