

THE IMPACT OF NON-FUNGIBLE TOKENS (NFTs)

Victoria TRIFAUȚAN

Marketing and Logistics, ML-211, Technical University of Moldova, Chișinău, Republic of Moldova

Corresponding author: Trifauțan Victoria, e-mail: victoria.trifautan@tem.utm.md

Summary. *NFTs are tokens that depict ownership over authentic items, such as artworks, songs, videos, real estate. NFTs are one of a kind and cannot be traded for one another. They are used in gaming for trading, in art for fighting art theft and even in real estate. However, they cause the carbon footprint to increase because of immense energy use.*

Keywords: *non-fungible token, digital, trade, virtual ownership.*

Introduction

NFT stands for non-fungible token. Non-fungible is a phrase used in economics to describe things like furniture, music, and computers, as they cannot be exchanged for other items. Still, fungible goods can be swapped because their value, rather than their exclusive features, determines what they are actually worth. Physical money and cryptocurrencies are fungible, meaning they may be exchanged for one another. For example, the value of one Bitcoin is always the same as of another Bitcoin. NFTs depict ownership over specific items, such as artworks, songs, real estate etc. NFTs make each token one-of-a-kind, making it impossible to compare two non-fungible tokens. They are compared to digital passports as each token has its unique identity that allows it to be separated from others.

The uses of NFTs

Gaming - NFTs might potentially be used to trade objects in games, or further, in virtual realities.

Collectibles – When it comes to collecting different cards, trinkets, NFTs ensure their authenticity and gives the possessor a sense of ownership over such mementos.

Art – Digital artists have always struggled with art theft, so non-fungible tokens are a way to help artists monetize their craft and preserve their copyright.

Real world assets – NFTS grant the bearer of a virtual ownership the right to take physical custody of an underlying object.

Conclusion

Non-fungible tokens have taken the world by storm and continue to do so. They are great tools to help creators fight art theft, create virtual microeconomies and offer authenticity. However, NFTs have a negative impact on the environment, as they use a lot of computer energy during transactions, thus increasing the carbon footprint.

References

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