

7 Lies you might believe about NFTs (in boring slides)

Archit3ct

Helping you Create Web3

1/ An NFT is an NFT, they are all the same thing.

An NFT is built upon a blockchain system, and the primary benefit of owning an NFT, namely that no-one else can censor what you do with it, is based on the strength of the network.

If you build an NFT on a weak blockchain, you might find it doesn't work the way you want. Even then, without looking at the code, can you really be sure what your NFT does?



2/ My NFT will always show this artwork/be attached to this media.

In theory, but again a lot of contracts allow the founders to update the IPFS links, potentially changing the artwork you think you have. There's also the risk that the IPFS link could die, meaning the NFT still exists, but doesn't point to anything.
I own this artwork!

You own a digital token which happens to point to a piece of artwork, which may or may not stay the same.



3/ I own/have IP rights to the thing my NFT points to.

Not because it's an NFT, that doesn't give any rights automatically. You might do IF the creator has a separate contract stating you do,

BUT you need to check how legal it is, what it covers, and what happens if they change their minds.



4/ There's only X NFT's ever in this series, that gives it value!

It would, if it were true.

We know there will only ever be just under 21 million BTC for example, which is what gives it value.

But, a lot of NFT limited series' (Bored Ape Yacht Club included) have code that lets the founders mint as many as they want, at any point.

That scarcity driving price could be a lot less scarce than you think.



5/ I can always sell my NFT!

In theory, but this is where the censorship-resistance comes into it.

If your NFT is on a blockchain where it can be switched off (Solana has gone down twice for several hours for example) you might not be able to do anything with it when you need to.

Also, if you're planning on using a marketplace such as OpenSea or LooksRare, they are centralised and have full control over what happens on their platform. Might well find your NFT doesn't show up or isn't tradeable there.



6/ I'm rich!

Well, rich in crypto anyway, but being rich in a useful way?

Let's say you sell your Bored Ape for 100 ETH.

Now you want to swap that ETH back into fiat to buy a car, or a house, or an island.

You're going from unregulated markets to regulated, good luck proving source of funds to an exchange or even your bank, before you can spend it.



7/ NFTs are a bubble

Ok, so maybe it seems like that, but NFTs are a type of technology we can use in a myriad of ways, which we are only just finding out about.

The technology is here to stay.

It's new, expands on blockchain tech, and there will be mis-steps along the way.

Some current use cases though, maybe they are a bit bubble-like...

