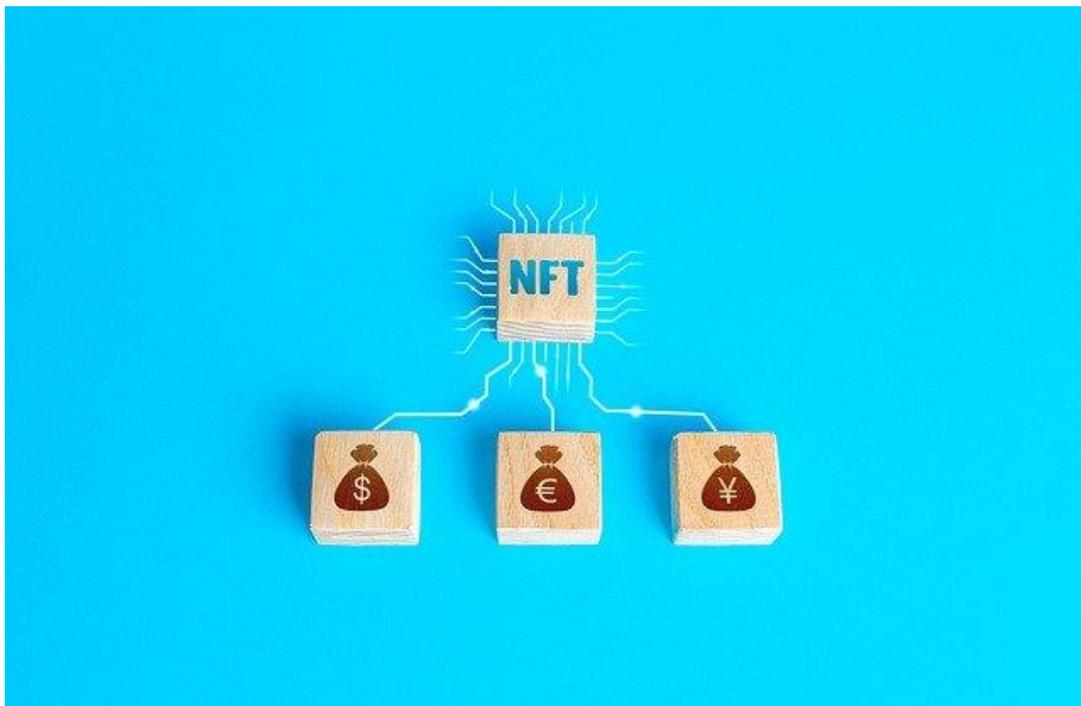


# THE NFTs HANDBOOK 2021



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# What are NFTs?

The acronym or initials NFTs stand for Non-Fungible Tokens (NFTs).

Fungible comes from fungibility, a quality of money that indicates ease of interchangeability.

Specifically, [NFTs stand](#) for tokens with the following qualities:

1. NFTs cannot be interchanged as each represents unique assets
2. NFTs unique value help track their transferability
3. NFTs are not divisible but only transferable as wholes (In other words, they are individual plus unique)
4. NFTs adhere to the protocols ERC-721 standards

Users can enrich metadata during the assets tokenization stage to enhance both immutability and security. NFTs, by nature, deter any attempts to create copies or duplicates.

One practical example of an NFT is a unique and famous piece of artwork: the Mona Lisa. We know Leonardo Da Vinci for great paintings, but the Mona Lisa is one and unique. There are no copies of it.

Traders can trade one Bitcoin for another one, but you can't trade the only one Mona Lisa for any other.

In blockchains, one significant feature with NFTs is that you cannot make copies of any. However, unlike the example of the Mona Lisa, you can buy NFTs and sell them away without any instance of fraud.

In our world of artworks, millions of dollars go into creating copyrights of pieces of art. In the world of NFTs, you require no intermediary to create or

## Explaining fungible and non-fungible

The term [fungible or fungibility](#) means interchangeability. It is a characteristic exhibited by most financial assets or instruments.

In contrast, any non-fungible assets are not easy to mix or exchange with those that are similar.

Across the board, fiat money, cryptocurrencies, stocks, and Certificates of Deposits represent fungible assets.

Two good examples of assets that are non-fungible are diamonds and parcels of land. It is all straightforward to classify land, but also diamonds remain unique.

Diamonds come in different cuts, sizes, grades, among other things that make them not interchangeable.

## The Process of Creating NFTs

The process of creating NFTs is far more straightforward when you compare it to that of cryptocurrencies and blockchains.

A significant number of NFT platforms enable ordinary users to create NFTS for free without advanced coding skills. Examples of platforms where you can create NFTS for free are Mintable, OpenSea, and Raible.

Also, the creation of art-affiliated NFTs is the most common as the platforms cater for it specifically.

## NFTs working Model

Digital tokens on blockchain ledgers represent NFTs. After creation, the NFTs can proceed to tared on marketplace platforms.

Upon completing the creation process, the proof-of-ownership must come along with it, and it is stored in a secure NFT wallet. The proof-of-ownership is a critical component that fuels the trade-ability of the NFT it corresponds to.

One other critical milestone upon creating an NFT is that a blockchain ledger record generates uniquely identifiable codes. Consequently, the blockchain ledger generates records of sales, re-sales, and ownership transfers.

It is the uniqueness that prevents the creation of copies of an NFT, and by extension, it removes chances of fraudulent claims of ownerships or inventions.

## How Does and NFT Get Value?

NFTs have value attachments that arise from their supply and demands in the circulation markets.

It is the existence of a solely identifiable NFT that generates the demand, and it is a possible significant increase in the value attached to each.

Let us refer to the piece of art: the Mona Lisa; valuation experts attach and estimate the value of not less than \$800m. If Leonardo da Vinci had made copies of the Mona Lisa artwork with the same quality, they would have become fungible. And each piece would have a significantly lessens value attached to it.

In other words, each artwork of the Mona Lisa would be worth far less than the original piece, which at times is given an estimate of almost \$1 billion worth.

With the expansion of NFT markets, the NFTs will also increase in number. And most likely, the demand will remain the key driver of the prices.

It is the NFTs market demand that will dictate the pricing. Every NFT with high interest and demand will command a higher price than one with low interest and demand among investors.

An example is the first-ever tweet by [Twitter](#) CEO Jack Dorsey. A tokenized version of it claims to attract bids closing more than \$2.5 Million. Of course, other tweets belonging to Jack Dorsey have little or no value despite each being unique.

## Buying and Trading NFTs

If you are looking for opportunities to buy or sell NFTs, seek to identify the right marketplaces in the very first step.

Presently, many marketplaces exist, especially for the collectibles niche. Examples include:

The [NBA Top Shot is a](#) marketplace for buyers of video highlights.

[Cryptoslam!](#) A list of the largest marketplaces when measured by volume. It is ideal for new entrants into the NFTs spaces.

Sorare is a platform for fantasy soccer enthusiasts. They can manage a virtual team, buy, or sell to others. For instance, by writing this piece, Sorare ranked at number five on sales of all times, having sales estimated at \$20.4.

[CryptoPunks](#) ranking second for all-time sale volumes list with 10,000 uniquely created characters. Each has an official owner who can provide the proof since they have logs on the Ethereum blockchain.

Note: There are numerous marketplaces, but if someone requires buying NFTs, they first need a wallet to store them in.

That said, a good number of wallet providers for NFTs thrive. As the case of with cryptocurrencies, NFT owners need to store them away securely from hackers. The best secure wallets for NFTs are hardware wallets.

Also, the marketplaces for purchasing NFTs have varying requirements. For example, some will only support purchases with [Ethereum](#), while others may accept credit cards.

Those purchasing NFTs with ETH need to fund the NFT marketplace with Ethereum before proceeding.

Most marketplaces selling NFTS take on an auction model. So, you place a bid and wait for the completion of the transactions. Successful transactions see your wallet credited with NFTs your purchase.

# The Most Expensive NFTs

Currently, the NFT marketplaces have flooded news across most media avenues.

There is a paradigm shift, and key technology actors are looking to hit the markets among the first with a significant number of very promising NFTs.

By the time of writing, here are the largest NFT market-actors, always ranking by sale-volumes:

- NBA Top Shot with total sales estimate at \$386.55m.
- CryptoPunks with total sales estimated at \$161.32m.
- Hashmarks with total sales estimate at \$43.71m.

[Cryptoslam.io](https://cryptoslam.io) will give you access to a comprehensive list of the largest NFTs marketplaces and their results every 24 hours. The results for sales are for specific time frames and further show the price changes, numbers of buyers, and their transactions.

For instance, look at NBA Top Shot. The total transactions hit a total of 2.46m, with corresponding sales amounting to \$385.56m.

## More on the NBA Top Shot

The NBA Top Shot is an NBA-Dapper Labs collaboration, offering a virtual platform for a trader looking for virtual basketball cards.

The platform runs on the blockchain, making the cards unique, and no one can create replicas. Most important, the authentication is made immediate.

As the advances in virtual technologies take center stage, more than just virtual basketball cards are drawing the attention of stakeholders.

Among others are the "moments," and some are retailing at 6 figure amounts. The moments are simply video clips of the most famous NBA players of all time.

For instance, one LeBron moment was reported hitting sales at \$208,000

The outlook for NFTs in 2021, its simply headline-grabbing stuff.

## Best individual NFT Sales

Christie's Auction makes the largest NFT sale to date, with the Beeple NFT sale amounting to an incredible \$69.3m.

The following four most significant NFT sale scores are from CryptoPunk characters. The sale price ranges were \$7.6m for the CryptoPunk (number)#3100 to \$1.3m for the CryptoPunk(number) #4156.