

# What is NFT? Why do people spend \$ 1,000 to buy NFT?

In recent times, many people are willing to spend a large amount of money up to millions of dollars to own a video, a digital picture or a virtual real estate ... in the form of NFT.

So, what is NFT? Read the article below to find out why people spend so much money to buy NFT.

## What is NFT?

NFT is an abbreviation for 'Non-fungible token - Non-fungible token', which is a unique cryptocurrency. NFTs usually represent a digital asset that is authenticated by blockchain technology, with the digital signature of the owner.



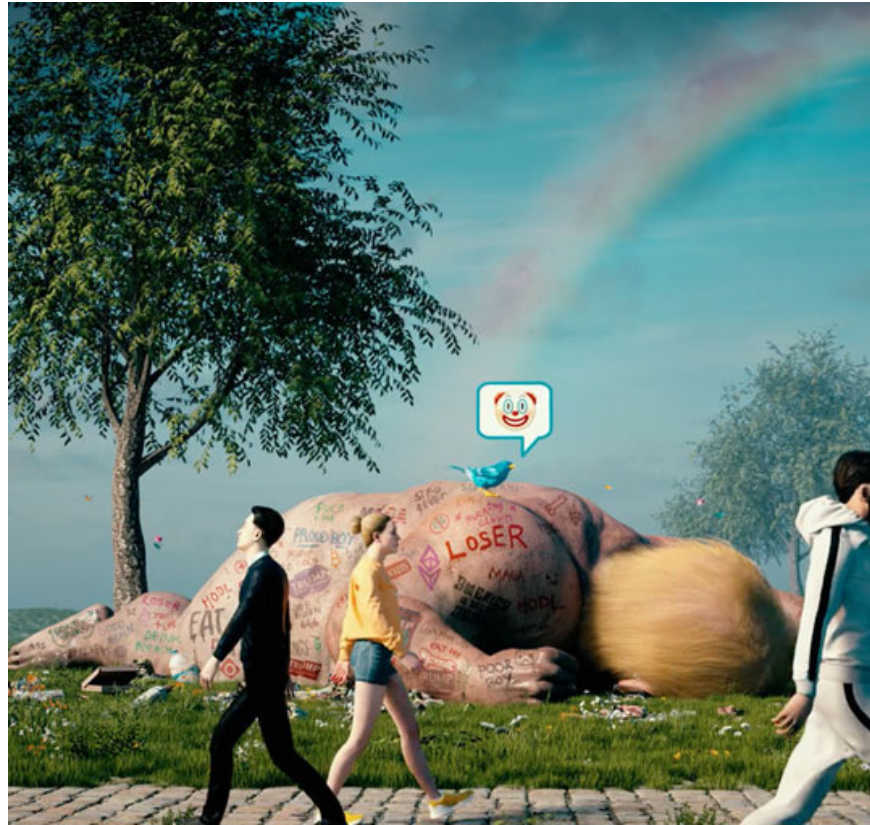
### **NFT features:**

**Indivisible:** The NFT is an indivisible intact asset. Unlike cryptocurrencies like Bitcoin or Ether, they can be broken down and traded in the form of fractions.

**Cannot be destroyed or imitated:** Each NFT is unique. All NFT data is stored on the blockchain platform through smart contracts, independent of any company.

**Digital artwork purchased and sold as NFT** will always be original, unique, and contain no second copy.

**Verifiable:** Thanks to the storage of ownership data on the blockchain, there is no need for a third party or expert to participate in the validation that anyone can trace back to the origin of the creator of the work.



Digital Painting Crossroads is priced at \$ 6.6 million, transacted using blockchain technology.

## **Why is the NFT so valuable and expensive?**

Since each item is unique, the NFT is of great collectible value. Additionally, gamers and investors can make money through the NFT by selling in-game items in virtual casinos like The Sandbox.

For example, an investor bought the track in the F1 Delta Time game as an NFT. This will allow him to receive a 5% dividend from the races that take place on the ramp, including admission tickets. Or a gamer who made \$ 80,000 selling lots of land in Decentraland.

When sold, NFT works do not need to go through a third party (such as auctions, galleries .). This will save the artist a substantial portion of the profits, and each time the work is handed over to the new owner will receive royalties.

## **Risks from NFT**

NFT transaction fees are very high, to transfer ownership of the NFT from the creator to a buyer has to pay \$ 50.

For every transaction like creating NFT, bidding, transferring ownership on virtual marketplaces like Rarible or OpenSea, users will have to spend large sums of money and create huge carbon emissions.

Some critics say that NFT is a temporary investment fad, only available for a short period of time (2, 3 years) like the ICO bubble explosion of 2017.

Nadya Ivanova - CEO of L'Atelier shared that the NFT market is very new and risky, it takes many different cycles to establish their true value.

You finished reading the article "**What is NFT? Why do people spend \$ 1,000 to buy NFT?**" edited by the [TipsMake](#) team. We hope this article has provided you with many useful tech tips and tricks. You can search for similar articles on tips and guides. Thank you for reading and for following us regularly.

---