

Twitter Thread by Mohit Mamoria



Mohit Mamoria

@mohitmamoria



■ WTF are NFTs?

=====

The ultimate thread (in simple English) to take you from zero to hero.

Get some coffee and come with me on this journey ■

NFT stands for "Non-Fungible Token".

But that doesn't help, does it?

Let's take one step at a time. What is a token?

A token is a thing that represents anything well-defined.

- Currency of an ecosystem.
- Flag of a country.
- Lease of your car/home.
- Amazon credits.

Anything well-defined.

In the blockchain world, it usually defines a cryptocurrency.

Which, like any other currency, is fungible. Fungible, eh, what?

One dollar in my pocket is exactly the same as the one dollar in your pocket.

Your dollar bill could be newer or older than mine, but when we'll go in the market to buy something, they'll both be treated equally.

■ Fungible = interchangeable.

Unless they are not.

What if the dollar bill in your pocket bears the autograph of the president of the USA?

Are they interchangeable now?

NO.

What you have in your pocket is one of a kind.

Unique.

Non-Fungible.

What is the value of the dollar in your pocket? The one with the president's autograph?

One dollar? Naah.

Ten? Maybe.

A hundred? Who knows?

The value of that one dollar totally depends on who is valuing it.

- If a homeless person gets it, they might exchange it for a nice meal.
- If a collector gets it, they might keep it forever and pass it onto the next generation.
- If the president him/herself gets it, they might value it as just another dollar (because they can make more).

So, in short, your dollar is NOT something that can be objectively valued or exchanged with another dollar bill.

It's a non-fungible token.

Now, back to the crypto world...

Before NFTs, the tokens that came were all fungible.

One bitcoin in my wallet is valued exactly the same as one bitcoin in your wallet.

But in 2014, something called "monetized graphics" came around, and it was....

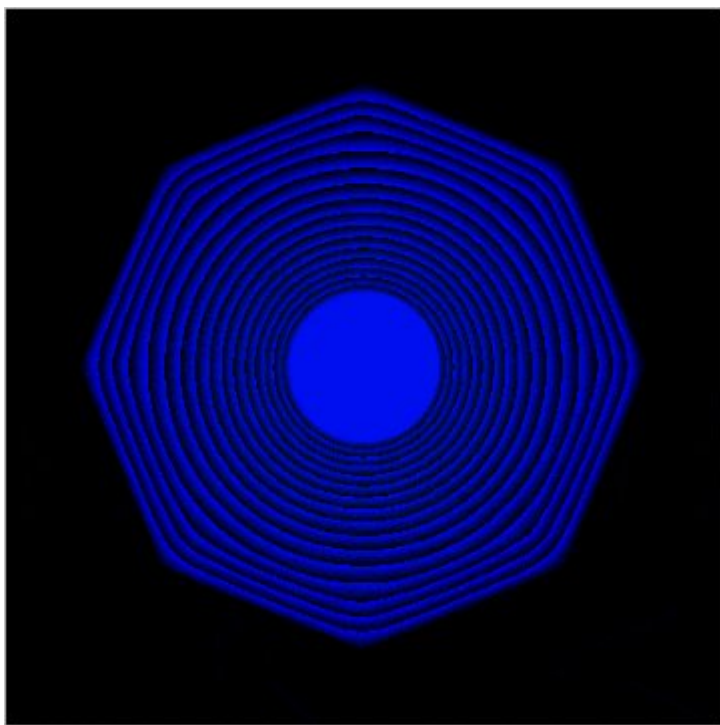
This.

Made by [@mccoyspace](#) and [@anildash](#).

In 2014, it was minted on the Namecoin blockchain.

It is called "Quantum."

And it is the first-ever NFT.



But wait, what do I mean by "minted"? Let me explain.

In simple terms, blockchain is a record-keeping mechanism.

It can keep any sort of record, and they look like this –

Each record has some data and the owner to whom that data belongs.

Data

Owner

--	--

What is contained in the data, defines the value of the data.

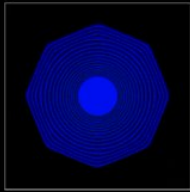
Example –

1. If the data contains my Bitcoin balance, the data is valued in BTCs.
2. If the data contains my Ethereum balance, the data is valued in ETHs.

In the case of NFTs, the data stored is unique, never-repeating, one of a kind.

A unique combination of zeros and ones that makes up the digital media (image, song, video, etc).

[Sidenote – Everything digital is some unique combination of zeroes and ones.]



= 1100001101100100101.....11000101

Having that data on the blockchain is not important. Having your name next to it is important.


Think of your favorite popular artist. Mine is Shakira.


There's one original account. And a million fake accounts in her name.

What's the difference?

The blue tick.

That blue tick separates the original from the copies.



shakira 

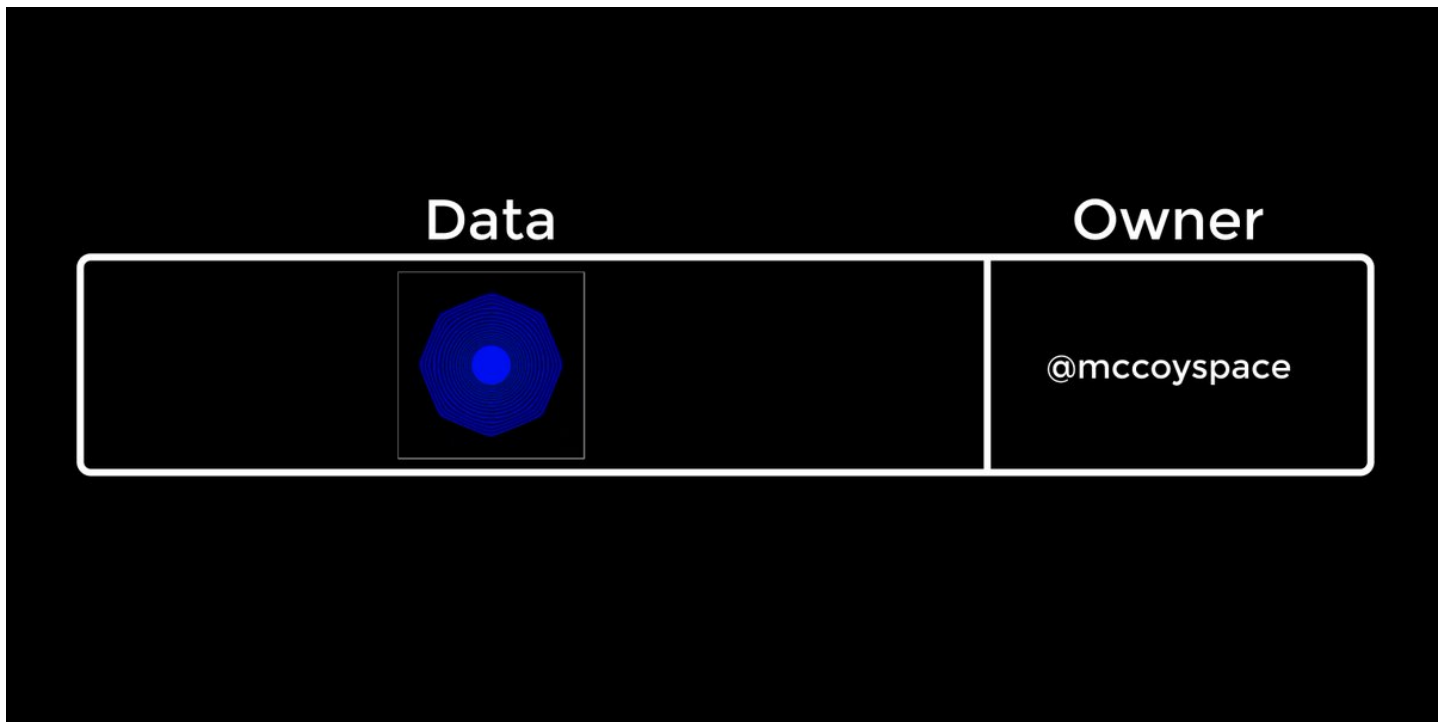
Follow 

1,823 posts 70.5m followers

Shakira
DON'T WAIT UP - the new single / el
linktr.ee/shakira

So what does "minting" mean?

To put the data that makes up the digital media on a blockchain, along with its owner. To start with, the creator is the owner.



In June 2021, McCoy and Dash used the same account to mint the same gif on Ethereum as an NFT on Ethereum and auction it.

(The original Namecoin blockchain was limiting and not well adopted.)

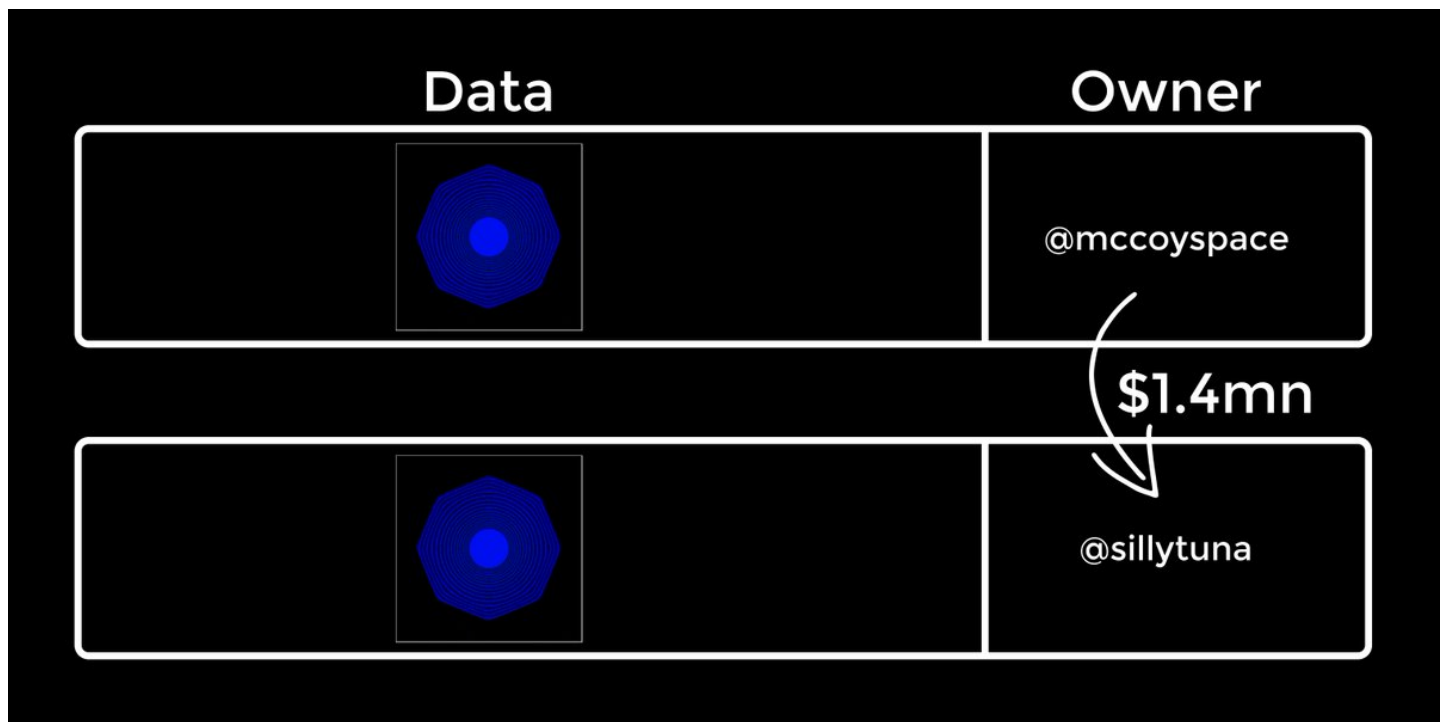
And it went for \$1.4mn. ■■■

And lastly, what happens when someone buys an NFT?

They simply get their name attached next to the data that represents the digital media.

Forever.

(Or until they decide to sell it further.)



What's the use of an NFT? It depends on who has the NFT.

Like your autographed dollar bill –

If a homeless person gets it, they might exchange it for a nice meal.

If a collector gets it, they might keep it forever and pass it onto the next generation.

Beauty lies in the eyes of the beholder.

Value lies in the eyes of the holder.

The simplest way to value art is to calculate how much you can brag about it.

If you owned a painting that I made, you'd not show it to anybody.

If you owned Mona Lisa, you wouldn't stop talking about it.

That's what NFTs are and why they are valuable.

Follow me (@mohitmamoria) if you want to learn more about crypto in simple English.

Please RT the first tweet if you want to spread the knowledge. No obligations. ■

What do you want me to write about next?