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Vlada Rozum, Alisa Bychkova
Science tutor *L.V. Bedritskaya*
BSEU (Minsk)

NFT: VICE OR VIRTUE

The development of cryptomarket and blockchain is resulting in the appearance of more and more new technologies and ways to make money on the Web. Recently, the public eye has been caught by the phenomenon of NFTs.

NFTs are a relatively new technology that, however, is increasingly making headlines. In 2021, the Hermitage planned to hold an exhibition of works made in the form of NFTs. Earlier, Twitter founder Jack Dorsey sold his first tweet in the same form for \$2.9 million and artist Mike Winkelmann received a record \$69 million for his NFT painting. What are NFTs and why are more and more people eager to find out the purpose of the technology? [1]

The abbreviation NFT stands for Non-Fungible Token. An NFT is a unique digital certificate, stored on the blockchain, which guarantees the uniqueness of an item and gives exclusive rights to its owner. [2] An item is considered non-fungible if it's unique due to its characteristics and cannot be formally replaced by an identical one.

NFTs, as well as blockchain and cryptocurrency, are just a tool that can be used in different ways. Theoretically, any digital object can be turned into an NFT. Now the technology is most actively used in the distribution of digital collectibles.

When it comes to the advantages of NFT technology, it empowers a new marketplace for artists, allowing them to sell directly to collectors and receive royalties whenever the art is resold. The works of artists, collectible cards and posters are perfectly digitized. On the one hand, this satisfies people's craving for collecting, and on the other, supports creators. For example, Grimes, a famous Canadian singer, sold her NFT drawings for \$5.8 million, and NFT works of a Russian artist Pokras Lampas were bought for \$29,000 at an auction. As the result of the auction, he stated that the new format allows artists to support their original projects and develop the crypto-art community. In addition, the advantages include satisfying gamers' steady demand for digital property, collectible game cards or unique game items. [3]

The field of NFTs is not as rosy as it might seem. The values of NFT transactions reach tens of millions of dollars. But many artists owning digital assets refuse to engage in them, and there are several valid reasons for such a decision:

The first thing NFT sellers are accused of is environmental damage. A digital object's uniqueness certificate of a digital object is stored on the blockchain, and any action concerning it requires a lot of electricity for calculations. One transaction in

Ethereum, which is now most often used for NFT transactions, consumes an average of 35 kW — the amount of electricity an average EU citizen uses in four days.

The security of NFTs is questionable due to possible hacker attacks and possible unreliability of servers (these problems are, however, typical for any digital property). [4]

In addition to that, not every creator can break into the NFT market. Basically, the only NFTs that are able to do well are big influencers' digital works and hyped-up collections.

Since the phenomenon is very young, there's still a large number of legal and technical problems associated with it. Buying an NFT does not in any way prevent other people from using the item linked to the token. Another problem is that the NFT marketplaces where artists, as well as scammers, put up content for sale do not verify the authenticity of the work and do not establish copyright in any way. As a result, any user can simply CTRL+S works of different authors on the Internet and put them up for sale as an NFT collection. More often than not illustrators are not aware of someone's selling their work, and in the meantime, scammers are making money. [5]

Looking to the future, it's hard to define whether NFTs will turn out to be vice or virtue. Technology that seems like a scam now, may turn out to be a turning point in the development of the economy in the future. What we can confidently state is that today the cons of NFTs definitely outweigh the pros. The lack of legal regulation, resulting in rip-offs and copyright violation; ecological damage and questionable security are not worth the profit and the possibility of acknowledgement of authors.

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