

What is an NFT?

NFT stands for 'non-fungible token'. Non-fungible means that something is unique and can't be replaced. By contrast, physical money and cryptocurrencies are fungible, which means they can be traded or exchanged for one another. Every NFT contains a digital signature which makes each one unique. NFTs are digital assets and could be photos, videos, audio files, or another digital format. NFT examples include artwork, comic books, sports collectibles, trading cards, games and more.

Non-fungible tokens or NTFs are cryptographic assets which sit on a blockchain – that is, a distributed public ledger that records transactions. Each NFT contains unique identification codes that distinguish them from each other. This data makes it easy to transfer tokens between owners and to verify ownership.

NFTs hold a value which is set by the market – i.e., supply and demand – and they can be bought and sold in the same way that physical assets can. NFTs are digital representations of assets – and can also represent real-world items such as artwork and real estate. Tokenizing real-world tangible assets in this way is considered by some users to make buying, selling and trading them more efficient, as well as potentially reducing the likelihood of fraud.