

NFT'S LATEST DIGITAL ASSETS AND PROSPECTS FOR THEIR DEVELOPMENT

The development of modern society is inextricably linked to the development of information technology. Digital assets have developed tremendously in recent decades and have taken a significant share of the financial market. According to coinmarketcap.com, the global capitalization of cryptocurrencies is over USD 919.55 billion. The market for cryptocurrencies, which were created as an alternative to fiat currencies, has become an object of investment and speculation. For the time being, there are several types of crypto assets, including unsecured cryptocurrencies, stablecoins backed by real assets, central bank digital currencies (CBDCs), and NFTs.

Non-fungible tokens (NFTs) are a special type of crypto asset that is irreplaceable, unlike most cryptocurrencies and many network or service tokens. They are assets that exist only in their own cryptosystems. NFT is a unique, one-of-a-kind digital asset. This asset is registered in the network, where its name and what it is (a picture, a song, a pattern, etc.) are displayed.

The development of the NFT market is associated with the emergence of Color Coin in 2012, which works with Bitcoin and is proof of ownership. However, the project was not further developed as Bitcoin developers abandoned the idea.

In 2014, Counterparty was launched, a Bitcoin-related platform that allowed the creation of digital assets. Three years later, the frog Pepe appeared on it. Later, famous characters, such as Homer Simpson, would be stylized as him. It will be sold first for \$500, and then for \$38 thousand. 2017, NFT smart contracts are created on the Ethereum cryptocurrency blockchain. At the same time, the CryptoKitties game appeared – a kind of virtual cat farm. Users buy or select digital kittens on their own. By the end of the year, users spend more than \$1 million on this game, which draws even more attention to NFTs.

In February 2021, a person with the pseudonym Flying Falcon buys 9 plots of land in the Axie Infinity blockchain game for USD 1.5 million, and an anonymous buyer buys a gif of a cat with a cake body for USD 590 thousand. A token representing a collage by digital artist Beeple was sold for a record \$69 million at Christie's. No matter how irrational such acquisitions may seem, they do take place, and thus create demand for the further development of NFTs.

The study, conducted in conjunction with BNP Paribas-owned research firm L'Atelier, states that NFT trading reached \$17.6 billion in 2021, reflecting a staggering 21,000 % increase from \$82 million in 2020.

The NFT crypto asset itself was not developed for settlement operations, so today it has found application in various areas: art NFTs; collectible NFTs; financial NFTs; gaming NFTs; music NFTs; real assets NFTs; logistics NFTs.

Depending on the field, there are different types of non-fungible tokens, but the vast majority still belong to the art field: In general, the following main types of NFTs are distinguished: art (sculpture, canvas, doodle art); PFP collections (regular avatar);

virtual land (virtual real estate); games; subscriptions/memberships (on Patreon); music; brands; technical DeFi tokens, domain names, and others.

Traditionally, digital assets are associated with financial innovations, as the development of the first cryptocurrencies was intended to simplify the settlement sector, reduce transaction costs, and protect the payment system from unauthorized interference. However, most regulators, both national and international, were skeptical of the idea of recognizing cryptocurrencies as legal tender. Based on the nature of NFT, which is unique and non-fungible, it cannot claim to be a general equivalent, and therefore cannot be used in payments. However, the digitalization of art and other objects in the form of NFTs has good prospects for copyright registration and circulation.

Like any digital asset, NFTs have their advantages, which include high liquidity through trading on special platforms, copyright protection, and protection against counterfeiting. Among the disadvantages of NFTs are the need to understand the functioning of blockchain technologies in order to use the assets and high commissions.

Thus, NFTs can be used to certify copyright for unique objects, which will simplify the sale of these rights or their transfer for use. In addition, NFTs can be considered as an investment object, since the NFT market is quite liquid, shows positive growth dynamics, and allows determining the market price for each unique NFT. The above examples of NFT sales show that over time, their value can increase by several dozen and sometimes hundreds of times. Therefore, such a crypto asset can be held for resale at a higher price.

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