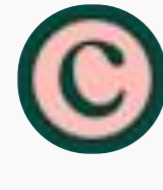


Investing > Explainers

# Expert: Are NFTs a fad or the future?



Cashay Contributor  
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Mark Berger is the Principal of [Berger Financial Group](#) — a full-service financial firm located in Minnesota. An IRS Enrolled Agent for advanced tax planning knowledge, a certified financial planner, and an economist, Mark has more than two decades of experience helping guide clients in the retirement process. Mark was ranked the #1 Independent Financial Planner in the country under 40 for 2015.

Ever since a piece of digital art sold for more than \$60 million in March 2021, more people have heard about NFTs — or Non-Fungible Tokens. But the number of sales of these digital collectibles has since plummeted by 90%, creating a different set of worrying headlines. What might the future bring? The passing of a fad or the beginning of something much more incredible?

## How do NFTs Work?



Artist Derrick Adams auctions an NFT titled "Heir to the Throne", commissioned by musician Jay-Z to celebrate the 25th anniversary of his debut album 'Reasonable Doubt' at Sotheby's on June 29, 2021 in New York City. (Photo by Noam Galai/Getty Images)

NFTs are just a way to own something digitally and prove that ownership. Non-Fungible means unique and not able to be copied identically. So, if you own something by NFT, this means no one else can own the same thing, and you're able to prove that ownership. This technology is built on the blockchain, the same technological backbone of cryptocurrencies such as bitcoin and ethereum. Still, NFTs are meaningfully different in purpose and application.

## The future of NFTs

I stand definitively on the side that NFTs have the possibility (and indeed likelihood) of being one of the biggest changes for our world in the coming decade. It's perhaps easiest to think of it this way: Microsoft made Windows, Apple with the iPhone has an App Store, and other operating systems. These are all platforms, where developers can make new apps, bring their fresh ideas to life, and enable people to use them.

But the possible downside is that Apple or Microsoft in these cases still control the platform and therefore set the rules. Think of NFTs as a platform, but where there is no central entity controlling the ecosystem. It's open, reliable, safe from many standpoints, and cuts out the big corporations from taking a cut on everybody else's success.

If NFTs are a such a great new platform, what can be accomplished? What should we be looking forward to? This, to me, is why we are still in the infancy stage.

When Apple first released the iPhone, Uber and Twitter did not exist and Apple had no idea what type of apps people would come up with. Countless new ideas have been enabled by smartphones because they were a capable platform. NFTs are an extraordinarily capable platform; however, like Apple, we cannot forecast most of the best new ideas that will be built. But we can start to get ideas of the direction we're headed.



Mark Berger is the Principal of Berger Financial Group — a full-service financial firm located in Minnesota. (Photo: Mark Berger)

## Proving your ownership

An easy example to start with is say you're attending a concert with backstage passes next week. Your ticket could be digital and built or purchased as an NFT. This means that when you bought it, you were confident it was real — even if you bought it from a third party. No one will be able to copy your ticket and get in before you.

That's still relatively similar to today, but here's where things get more interesting: The backstage pass purchased through an NFT would allow the music group to communicate with you before and after the concert, knowing that only you would be able to see what they say. And then the NFT doesn't go away, so years later when the group has made it big, you can truly prove that you were there and that you heard of them first.

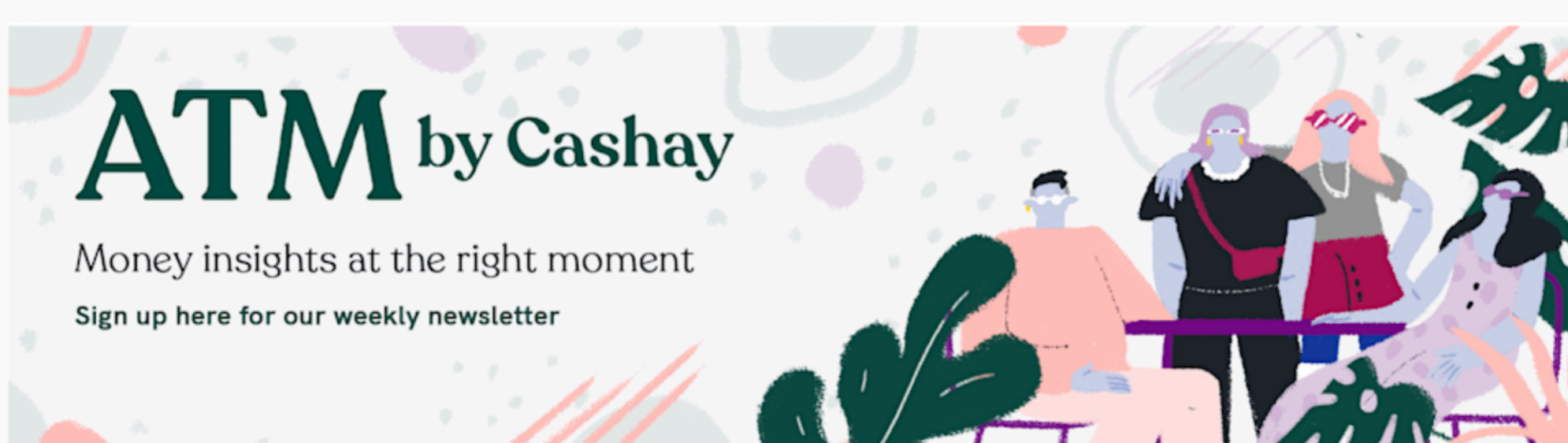
If you are a songwriter and create a new melody, it can be signed with an NFT and always verifiably yours. You can even arrange to be paid royalties through this technology. Patents could follow this same structure.

How about enabling better fact-checking in the online world? What if politicians (or anyone) make a speech with corresponding soundbites you see on social media, and then it would be "signed" with verifiable tokens? In a world where deep fakes are becoming more common, being able to prove what you are seeing as accurate will become increasingly important, and NFT technology seems to be well-suited for a beneficial purpose like this.

NFTs certainly have entered the financial world as well. You can break up ownership of an asset like land or a company into tokens, set up intricate layers of payment routing, and avoid many unnecessary layers of expense that are currently part of the establishment.

Things can get a whole lot more sci-fi too, where NFTs can be used even more creatively in the virtual world for unique items and virtual land, but I will leave it at that for now.

The narrow vision of thinking of NFTs as simply 'digital art' versus what the platform is capable of will fade throughout the coming decade, and people will realize that this technology is poised to change the world.

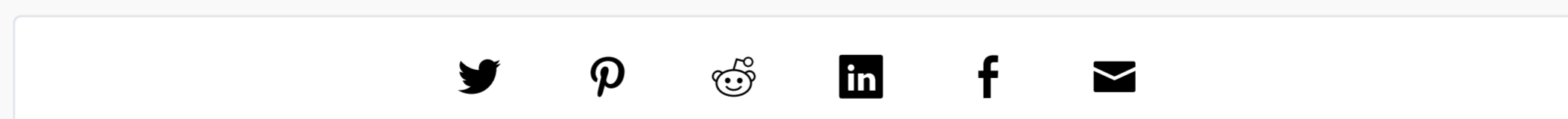


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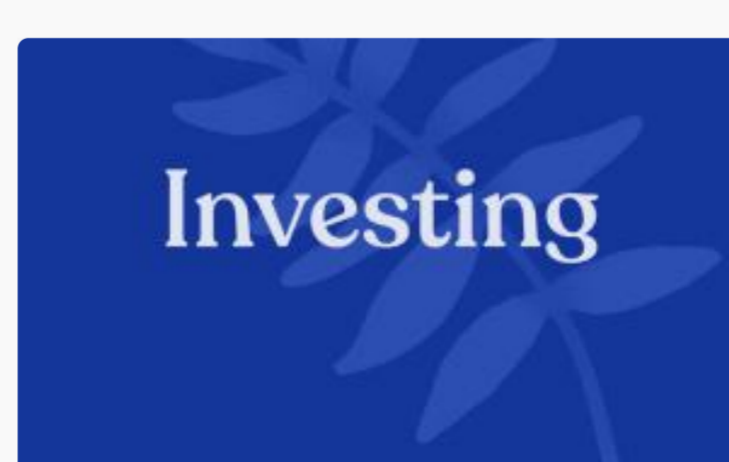
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