# ach

Airlines Clearing House

# NFTs

What they are and what they aren't

## Disclaimer

Neither ACH nor its employees hold any financial interest in NFTs or cryptocurrency.  This talk is purely informational and does not represent any attempt to influence the value of our investments.
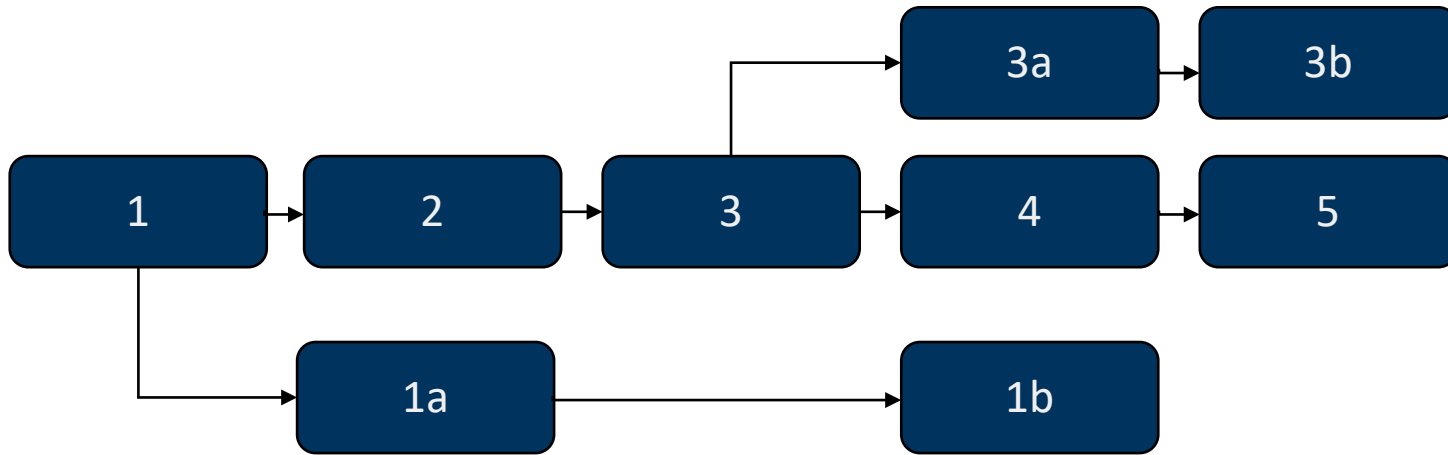
This puts us in the minority of people talking about NFTs

# Topics

- Blockchain Recap
- Note on Terminology
- 10,000 ft view – What is an NFT
- What they are
- What they aren't
- How are they used

# Blockchain recap

▪▸ Blockchains are a method of creating a trustless distributed ledger that operates in append only mode

# Note on Terminology

- You will see a lot of confusing and technical sounding terminology. That is a feature designed to make things seem harder and more complex than they really are

- This creates the impression that there is "something there" that you are missing

- The core ideas are very simple

# 10,000 ft view – What is an NFT?

- Non Fungible Token
- A generally short bit of code that is stored on a blockchain
- A marketing tool used by businesses to seem technologically savvy and "with it"
- A scam where you pay some money for an arbitrary thing with the hope of being able to resell it to the next person for more
  - It's probably not a Ponzi scheme, but it's related
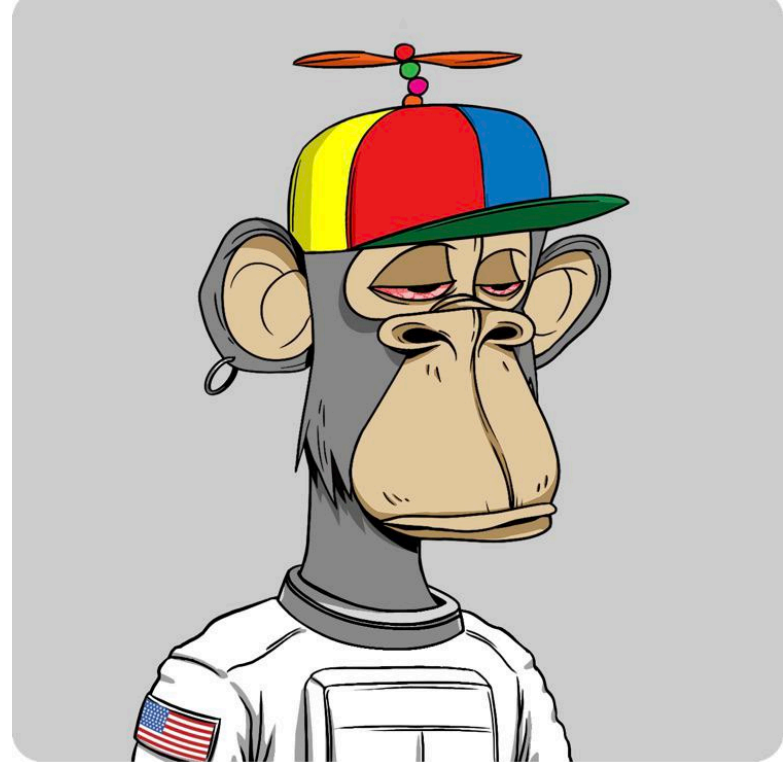  - Certainly an implementation of the Greater Fool Theory

# What they are

- A generally short bit of code that is stored on a blockchain

- This can be transferred between people on the chain

- Size limits
  - Due to the architecture of the blockchain, there is a cost per byte to create and transfer an NFT
  - At current prices, it's about $3 per 32byte word
  - Essentially all NFTs are just a link to something stored externally

{
"id": 1,
"name": "Flying Kitten",
"bio": "哎呀妈呀！！本喵爬不更名，坐不改姓，就叫 #{name}！我的表哥是喵星球鼎鼎大名的多啦A梦。 不是什么太高调的事，不过本喵确实和汤姆猫有过相交之情。 本喵和你是不是上辈子见过呀？",
"image_url":
"https://img.cryptokitties.co/0x5328276603d169165d0f71ca67ccc89c45027df3/1.png",
"image_url_cdn":
"https://img.cn.cryptokitties.co//0x5328276603d169165d0f71ca67ccc89c45027df3/1.png",
"image_url_png":
"https://img.cryptokitties.co/0x5328276603d169165d0f71ca67ccc89c45027df3/1.png",
"image_path": "", "generation": 0,

# What they aren't

- Ownership
- Copyright
- Files
- Usage rights
- Guarantee of authenticity
- Safe

# How are they used - "Investments"

- Primary usage
- Completely unregulated market
- Large returns are promised
- Realizing gains depends on finding someone else to purchase it from you using a fiat currency
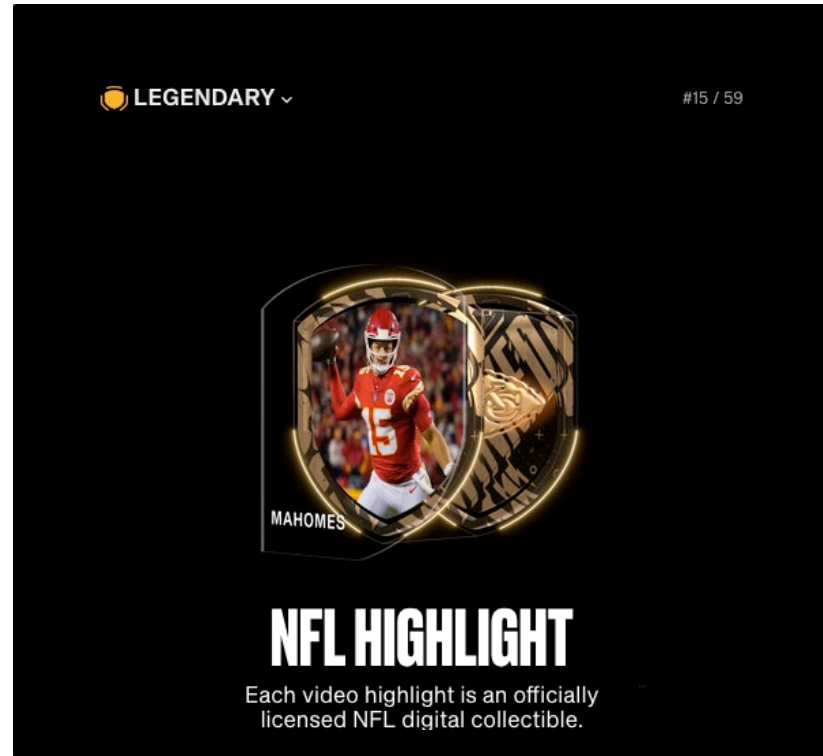- Strong argument for it being a decentralized Ponzi Scheme

# How they are used - Access

- Transferrable electronic token granting you access to something

- The Ape NFTs allow you to access a chat room

- NYC Dining club is selling tokens that grant access to an exclusive dining room

# How they are used - Souvenirs

- ▸ This is the use case that's most often talked about in the airline industry

- ▸ Sports leagues are also considering it

- ▸ This has all the same issues as the image NFTs already discussed

# How they are used – "Metaverse"

- Largely videogame based

- Outside the scope of this talk, but impossible as described

# How they are used – NFT Viruses

- You can be sent an NFT without your consent by anyone who knows your wallet
- These NFTs can contain arbitrary code
- If you interact with this NFT in (almost) anyway, including deleting it, the code will execute
- This can (and does) transfer all the contents of your wallet to someone else
- There is no way to fix this or recover your assets

**MOTHERBOARD**
TECH BY VICE

## 'All My Apes Gone': NFT Theft Victims Beg for Centralized Saviors

The NFT art heists, digital wallet hacks, and token scams will continue until morale improves.

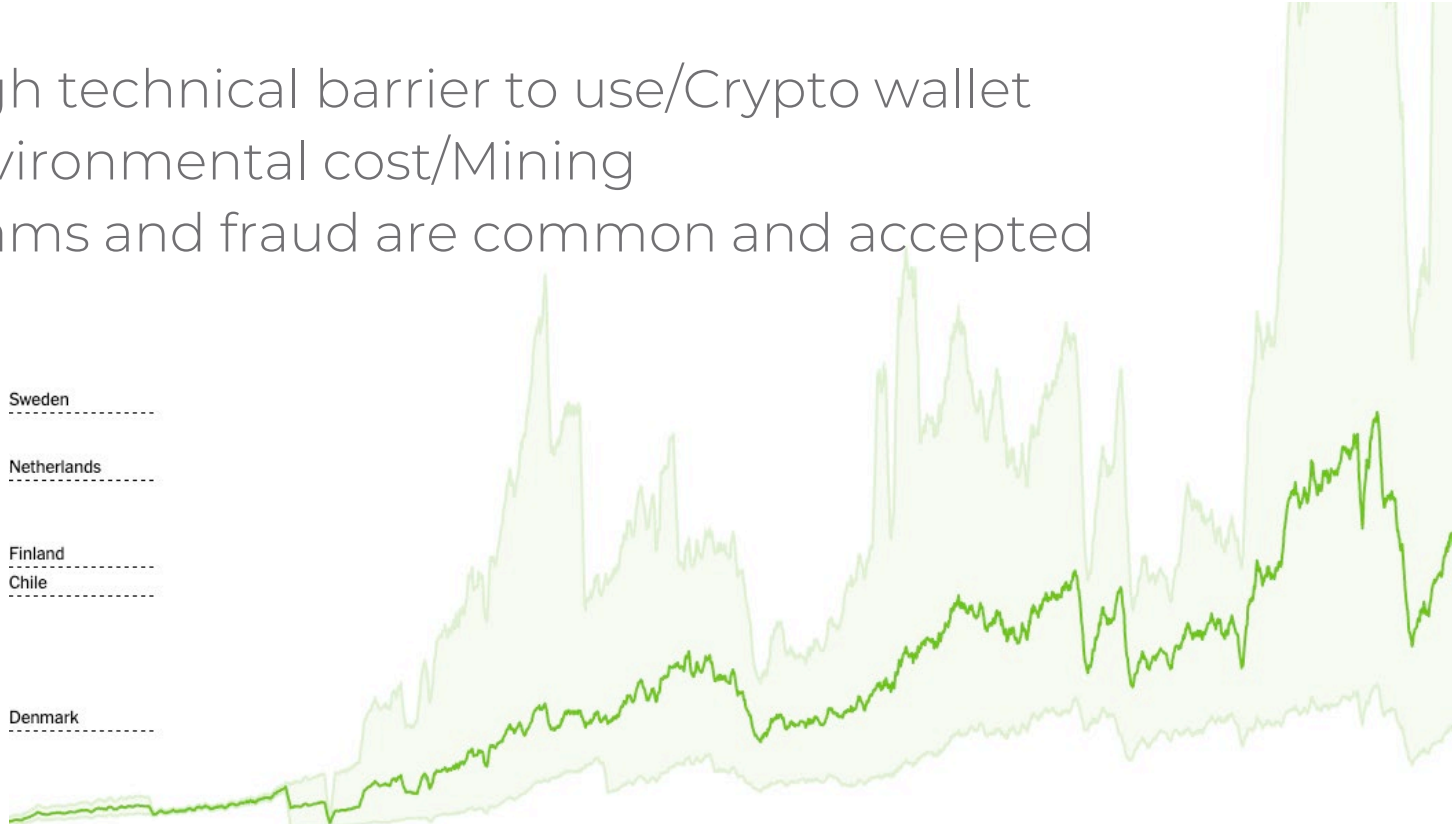## BORED APE NFTS ARE BEING STOLEN & TWITTER DOESN'T CARE

1 MONTH AGO IN CULTURE
WORDS BY JAKE SILBERT

## 'Huge mess of theft and fraud:' artists sound alarm as NFT crime proliferates

The digital marketplace for NFTs grew to an estimated $22bn last year but companies face challenges monitoring stolen art

# Assorted other issues

- High technical barrier to use/Crypto wallet
- Environmental cost/Mining
- Scams and fraud are common and accepted

Sweden
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Netherlands
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Finland
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Chile
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Denmark
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# Links/Further Information

Line Goes Up –
The Problem With NFTs
Folding Ideas

https://www.youtube.com/watch?v=YQ_xWvX1n9g

Questions?