# The Intersection of Ecommerce and NFTs: How NFT Technology is Changing DeFi

DeFi and fintech startups are putting financial tools in the hands of the average person. NFT technology takes this a step further by offering programmable data and trustless transparency.

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Markets evolved into what they are today for good reason. It is much easier for customers to visit a single location to find everything they need than for them to search around town. Mom and pop or boutique stores can be a refreshing change of pace, but most people rely on the convenience of places like Walmart or Target. It's simply more efficient.

Centralized markets aren't new. Crowded bazaars existed well before the internet. Sellers have always been better off following customers instead of expecting customers to follow them, even if that means paying a small fee for the privilege of displaying their goods to the wider audience gathered by the market.

Market coordinators need funds to pay for your accommodations and their time. Many markets provide ancillary services to help attract more customers, like decorations, currency exchanges, entertainment, and so on. Unfortunately, the vastness of the internet has caused these central marketplaces to accumulate an imbalance of wealth and resources. This

imbalance gives them the power to charge unreasonable rates for their accommodations. They also have the freedom to choose which sellers are allowed to participate in their market, the flow of customer traffic and how products are displayed.

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DeFi (decentralized finance) technology allows for the inherent convenience of centralized markets without allowing the wealth and governance authority to pool into one person's wallet. Essentially, DeFi is enabled by the blockchain, which enables permission-less, peer-to-peer transactions. This removes middlemen like banks and other large financial institutions. It lowers costs and technical barriers for entrepreneurs and individuals. Fees, documentation, and legal jurisdictions prevent many people across the world from accessing the financial tools they need to succeed. DeFi platforms circumvent the need for all of these things and allow them to transact in a secure environment.

NFTs are the driving force behind a significant portion of the DeFi infrastructure. NFTs aren't limited to collectibles. They represent programmable bits of data stored on the blockchain. The blockchain provides a transparent, hack-proof storage solution. This equates to ownership over pieces of data that can be programmed to do different things when interacted with. Let's break that down and demonstrate how new DeFi platforms are decentralizing e-commerce safely and efficiently.

On the most basic level, an NFT can be owned by one person, and the only way to take it away from that person is to pay for it. There is no way to duplicate it or steal it. Even after it is sold, it can be programmed to continue giving royalties to the original owner. It's easy to see how these concepts quickly translate into e-commerce potential. NFTify provides entrepreneurs with a platform to create an online digital NFT store without needing to write a single line of

code. It’s also equipped with AI that helps detect NFTs that might be similar to yours, increasing the protection of the already secure blockchain network. This puts a small business in the hands of an individual without the need to establish any of their own infrastructure.

Another project takes this concept to the next level by letting users create an e-commerce store from real-world items. Splyt uses NFTs to represent real world items instead of digital items. Now translate all of that previous potential into actual retail. The inventory data is stored on the blockchain, preventing any market that is listing the NFT from selling it twice. Entrepreneurs can sell NFTs and collect royalties each time that item is resold. Affiliates can sell products with NFTs for a profit and get paid immediately because of how the NFT is programmed. It uses something called a smart contract to hold and transfer the funds. Buyers will know that their purchase is authentic because the NFT cannot be duplicated or tampered with. Troubles with scalping and counterfeits would become a thing of the past.

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An environment like this is trustless, meaning users are not required to trust each other in order to transact safely. The platform itself acts as the middleman. Instead of the platform accumulating wealth like a central market would, those profits get redistributed to the users. The accommodations mentioned before are built into the platform and can be improved upon by those who invest in the system. Most platforms allow the users to vote on bug fixes and upgrades.

Splyt isn’t the only platform that connects NFTs with real world products. Pandora turns real world items into financial assets. These NFTs can be bought, traded, sold and borrowed. They can even be fractionalized and the pieces can be bought and sold. They can be staked to earn yield, which means they can be locked up on the platform to receive small rewards over

time. Creating liquidity in real world items is the definition of digitizing reality. It is similar to how Wall Street turned gold into derivatives. The difference is, regular people can now utilize similar tools with any valuables they might have on hand. Projects like this help to level the playing field between the rich and the poor.

Pandora is a mix between e-commerce and DeFi. Drops goes full DeFi. Sometimes NFT assets go unsold for long periods of time. Drops turns NFTs into liquid assets that can be used for borrowing cryptocurrency. This lets users bargain with their assets the same way wealthy people like to do. Users can also stand on the other side of this transaction and put their currency in a pool for the other users to borrow from. This platform creates a bank-like environment where NFTs are the collateral, much like gold used to be. Only on this platform, users can access the same tools that banks use, but on an institutional level. The efficiency of the blockchain lowers costs to almost nothing, ensuring that the users get as much return on their investment as possible.

DeFi and NFTs are changing the way money circulates within our economy. NFTs are becoming financial instruments with which we can conduct business and earn money. The collectible craze may be simmering down, but NFT technology is only now beginning to truly penetrate the market. The more NFT projects become mainstream, the more users will be provided with the tools they need to act independently and trade assets on their own terms.

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