

TITLE: WHAT IS SBT?



Imagine having a digital ID card that showcases who you are, what you're good at, and what you've achieved. That's essentially what Soulbound Tokens are. They are digital tokens that represent your identity, skills, affiliation and reputation.

What are SBTs?

Soulbound Tokens (SBT) is like a badge that is bound to you. No one can take it away because it represents who you are. The "soul" in "Soulbound" refers to your individual account or identity which depicts your digital presence. Once an SBT is bound to your soul, it can't be unbound. It is permanently connected to you.

Unlike NFTs, which can be transferred and sold, SBTs are non-transferable. They are similar to a medical certificate, you can not give your certificate to someone else because it contains your personal information. SBTs mark your reputation, achievement and contributions.

SBTs were created by Vitalik Buterin, the co-founder of Ethereum, along with Glen Weyl and Puja Ohlhaver. They designed SBTs to serve as a verifiable digital online presence to showcase your skill, accomplishment, and reputation. Imagine applying for a job, you don't need to show them the hardcopy of your resume. Once they see your SBTs, they've seen your working experience and achievements.

The founders of SBTs envisioned a Decentralized Society (DeSOC) where people have control over their digital identity and interactions. SBTs are a key component in building Decentralized Society (DeSoc), a community where people trust and collaborate freely with one another without the fear of deception. Decentralized Society and SBTs aim to foster a strong, transparent, and secure digital community.



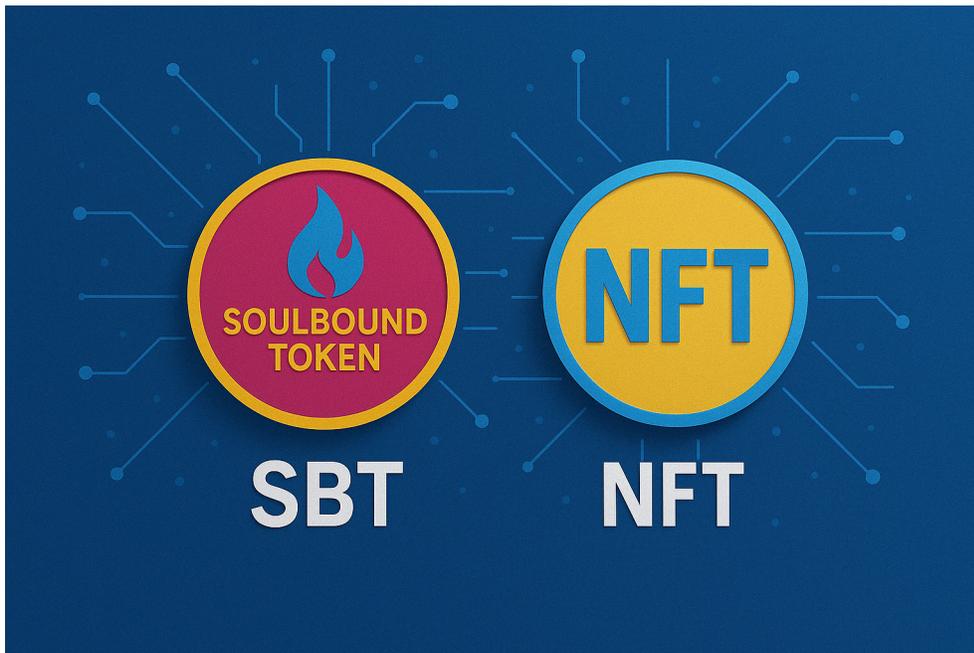
How do Soulbound Tokens work?

With Soulbound Tokens (SBTs), you cannot be impersonated or scammed. SBTs reflect your identity, no one can pretend to be you. SBTs prevent Sybil attacks in the Web3 space by eliminating the possibility of manipulation and impersonation, ensuring a trustworthy online community.

One of the biggest challenges in Web3 is trust, we often don't know the real identity of another individual. We tend to detach ourselves from online communities because of the risk of being scammed. However, with SBTs, we can verify an individual's reliability, fostering transparency and security.

Just as the human body has different parts, SBTs represent various aspects of your identity. One may reflect your medical history, another your achievements, and another your skills. Your identity is publicly open to those who wish to learn about you, building a more connected and trustworthy digital world.

How are SBTs different from NFTs?



SBTs and NFTs are both digital tokens, but they have a key difference. SBTs are bound to the owner's identity, whereas NFTs can be transferred or sold to another person.

SBTs promote transparency, security, and credibility by verifying the identity of the person they are bound to, unlike NFTs which can be sold or transferred to anyone irrespective of their identity.

SBTs can be thought of as 'Digital Medals of Honor' because they showcase an individual's accomplishments and contributions within the online community. For instance, imagine winning a gold medal in a 200-meter race while in college. Anyone who sees that medal knows you achieved that victory, representing your contribution to your college's success.

What is the role of SBTs in Web3?

We are currently in the era of Web 3.0, where individuals have full control over their digital assets and finances, unlike in Web 2.0. In Web 2.0, major centralized corporations such as Google, banks, and Facebook managed our assets. Now, Web 3.0 has handed us the remote control. We are our own bank.

With Web 3.0, we can manage our assets independently, without intermediaries. Digital assets and finances can be bought, sold, and transferred directly between individuals. However, in this decentralized web, it is difficult to identify another person because no personal details are tied to their digital assets. This means that everyone is anonymous, and it gives room for anyone to engage in cyber threats allowing users to create multiple accounts to manipulate others.

To address these risks, the creators of Soulbound Tokens (SBTs) introduced the token to enhance security. SBTs cannot be bought or sold; they are permanently tied to their owner, representing identity, achievements, and skills. This fosters trust, transparency, and security while preventing Sybil attacks and manipulation.

How to buy Soulbound Tokens

You cannot buy Soulbound Tokens (SBTs) because they are non-transferable. SBTs cannot be bought or sold. They can only be earned as a reward from an individual or entity for completing a task, participating in events, achieving milestones, or attending an event.

Soulbound Tokens is not just a digital token, it represents your vision, contribution and commitment in a community. For instance, Onton is an innovative event management platform that rewards its community members with SBTs for attending events, participating in activities, or completing a specific tasks.

Use cases of Soulbound Tokens

SBTs can represent anything that verifies your identity, achievements, skills, experience etc. For example; school certificates, passports, identity cards, and driver's licenses. These can all be stored on the blockchain and converted into SBTs. Additionally, SBTs can serve as virtual cards, digital certificates, and data badges, among other things.

There are numerous use cases for SBTs in Web3, including:

1. **Identity Verification:** SBTs can be used to verify an individual's identity, unlike NFTs, which do not provide personal identification. For instance, an artist can create an NFT

and attach an SBT to it to prove its authenticity. This fosters trust and transparency, ensuring that no one purchases a fake NFT. This is one of the primary purposes of SBT, which is to build loyalty within the community and prevent fraud, a major challenge in the Web3 space.

2. **Proof Of Attendance:** SBTs can be used as proof of attendance. Imagine hosting a conference or meeting and awarding a digital badge to every attendee. The only way to verify attendance at the event would be to present this badge. It serves as solid proof that the individual was present. When you attend an event, SBTs can be distributed as a means to verify attendance.
3. **Social Credit System:** In today's world, borrowing money can be difficult because lenders often doubt a borrower's reliability. However, if there is a way to prove your trustworthiness and showcase your accomplishments, securing a loan would be much easier. This is where SBTs come in. SBTs function like a report card, displaying how well you have managed your finances over the years. They highlight your financial history and achievements, proving your trustworthiness and creditworthiness.
4. **A DAO Voting Alternative:** Imagine a classroom where students have to vote for a prefect. Brilliant students have higher voting power and a greater chance of winning because they have access to better resources and coaching compared to the average student. However, if Soulbound Tokens (SBTs) are introduced, cheating and manipulation can be prevented. Voting power would be granted only to those who have actively contributed, ensuring a fair and transparent process. This approach empowers genuine participants, giving a voice to the voiceless while preventing manipulation and Sybil attacks.
5. **Account Recovery:** Imagine losing your social media account password and also forgetting your email password. The traditional password reset method wouldn't work because the recovery link will be sent to your email, which you can no longer access. This is where SBTs come in. SBTs can serve as proof of your social media credentials and membership. Instead of relying on passwords, you can use your SBTs to verify your identity and regain access to your account securely.

What are the benefits of Soulbound Tokens?

1. **Tamper-proof:** SBTs store information securely on the blockchain, making it impossible to forge.
2. **Credibility:** Fake credentials don't exist with SBTs, you must genuinely earn them.

3. **Publicly Accessible:** Anyone can verify your credentials, making it easier to prove your skills. Imagine applying for a job, you will need to tender your resume. SBTS can serve as your resume, your records are securely stored on the blockchain for easy verification.
4. **No shortcuts to success:** Achievements in online communities cannot be faked with SBTs. If you want recognition, you must genuinely contribute.

What are the challenges of Soulbound Tokens?

1. **Unjust System:** Imagine a system where people are judged or punished based solely on the Soulbound Tokens (SBTs) they hold, rather than their actual abilities or qualifications. This would be unfair. For instance, consider job seekers applying for a position. They attend interviews and demonstrate their skills, but the company selects candidates based on referrals from reputable, wealthy, or influential individuals rather than their actual experience or qualifications. As a result, applicants with genuine experience and skills, but without connections to the wealthy or powerful, are overlooked and never called back. They lose opportunities to those who were simply referred by the wealthy or powerful rather than earning the position through merit.
2. **Losing Access:** Imagine having a purse where you keep all your money, if you lose the purse, you lose your money. Similarly, a digital wallet functions like a purse for storing your SBTs. If you lose access to your digital wallet, you lose your SBTs.
3. **Confidentiality Risk:** Some people prefer to keep their SBTs private. It's similar to someone reading your personal diary, there may be sensitive information you don't want others to see. To avoid criticism, bullying, or intimidation, individuals should have control over who can view their SBTs.

Examples of Soulbound Tokens in action

1. **Artistic Ownership:** An artist can issue SBTs alongside their NFTs to verify the authenticity of their artwork. This serves as proof that the art is genuine and can also confirm ownership or the transfer of ownership.
2. **Proof of Attendance and Membership:** Some individuals or organizations reward attendees with SBTs for participating in their events. For example, ONTON, a Web3 event management platform, grants SBTs to users who attend events or engage in activities on the platform, serving as proof of attendance and membership.

3. **Virtual Real Estate Ownership:** Visual Real estate owners issue SBTs to people who buy their lands as proof of transfer of ownership of the land. SBTs represent ownership of virtual land.

What happens if you lose your Soulbound Tokens?

You can't actually lose your Soulbound Tokens because they are non-transferable. The real issue is losing access to the digital wallet that holds your SBTs. If you lose access to your digital wallet, you will effectively lose your SBTs. In the future, a backup solution may be developed, allowing you to trust individuals to help recover your wallet, similar to leaving a spare key to your house with a trusted friend or family member.

Conclusion

SBTs is an innovative way to verify identity and connect people from around the world. They help foster trust, build strong relationships, and protect assets. However, it is essential to ensure that SBTs remain transparent, fair, and secure.

FAQ

What is a Soulbound Token (SBT)?

Soulbound Tokens are tokens that can not be sold or transferred. They are used to prove identity and showcase achievements.

How do Soulbound Tokens differ from NFTs?

Soulbound Tokens differ from NFTs because it can not be sold or transferred. It is tied to the owner.

What are the main use cases for Soulbound Tokens?

The main use cases for soulbound tokens are to prove identity, accomplishment, skills, and experience.

Can Soulbound Tokens be transferred or traded?

No, it cannot be transferred or traded.

How can SBTs be used for identity verification?

SBT can be used for identity verification by storing identity information on the blockchain and converting it to SBT.

What is the role of SBTs in Web3?

The role of SBTs in Web3 is to foster trust and transparency and build a strong community that will interact and work together.

What are the potential drawbacks of using SBTs?

The potential drawback of using SBTs is confidential breach and loss of assets.

How are Soulbound Tokens implemented on the blockchain?

Soulbound Tokens are implemented on blockchain using smart contracts.

What happens if I lose access to my Soulbound Token?

You cannot exactly lose your SBTs, except you lose the digital wallet that contains your SBTs.

Are Soulbound Tokens secure against hacking or theft?

SBTs are secured against hackers/theft because they can not be transferred nor can they be sold.