

Advisor Investing

Advertiser Disclosure

A Brief History Of Web 3.0

By **Dan Ashmore**

Contributor

Farran Powell

Editor  Reviewed By

Updated: Aug 26, 2022, 2:08am

Editorial Note: We earn a commission from partner links on Forbes Advisor. Commissions do not affect our editors' opinions or evaluations.



Getty



The internet has evolved immeasurably from those early days, and it now has more than 5 billion regular users, roughly 63% of the world’s population.

Some people believe that a new paradigm for the internet is coming, called Web 3.0—also often styled Web3. They claim that a next-generation set of technologies could disrupt society just like Web 1.0 did in the 1990s.

Despite these lofty claims, the concept of Web 3.0 can be both confusing and elusive. Let’s take a closer look at the claims and criticisms of Web 3.0 to understand better what it’s all about.

Featured Cryptocurrency Partner Offers

1 eToro

Learn More

On eToro's Website

Limited Time Offer: Get up to \$240 for your first deposit (US Only)

Fees1%/1%

Cryptocurrencies Available for Trade20+

2 Uphold

Learn More

On Uphold's Website

Fees (Maker/Taker)0.95%/1.25%

Cryptocurrencies Available for Trade200+

3 Crypto.com

Learn More

On Crypto.com's Website

Fees (Maker/Taker)0.40%/0.40%

Cryptocurrencies Available for Trade170+

Web 1.0: The Static Web

The first version of the internet is sometimes called the “static web.” It was made of read-only webpages that, by and large, lacked much in the way of interactive features.

Web 1.0 offered little beyond browsing static pages. Content generation was handled by a select few, and information was hard to find.

Web 2.0: The Dynamic Web

In October 2004, O’Reilly Media and MediaLive hosted the first Web 2.0 conference to highlight a host of new software applications built on the web.

In late 2005, YouTube was launched. The video-sharing site was a big part of the Web 2.0 revolution, which marked the internet’s departure to an era of dynamic content. Users could now interact with web pages, communicate with each other and create content.

Before long, we were all creating, sharing and commenting on content instantaneously from the palms of our hands. If Web 1.0 was the read-only iteration, Web 2.0 could be seen as the read/write upgrade, or what we know as the internet today.

What Is Web 3.0?

This brings us to Web 3.0. Think of it as the “read/write/own” upgrade to the internet.

Because it remains a collection of ideas more than anything else, it’s challenging to nail down a precise definition of Web 3.0. For [cryptocurrency](#) developers and enthusiasts, Web 3.0 incorporates the technologies and concepts that are at the heart of crypto: decentralization, token-based economies and [blockchain](#).

This vision of Web3 tends to be a more democratic version of today’s online world. It’s centered around the idea of ownership, removing control from the dominant big data companies and other central authorities and handing it to the masses. This is what’s meant by decentralization.

Decentralization means internet users can transact business peer-to-peer, cutting out intermediaries and removing power from controlling entities. There is a greater focus on user privacy, transparency and ownership.

Here’s where blockchain technology and cryptocurrency come into the equation. Cryptocurrencies and the token economy facilitate this model of decentralization, allowing for information to be stored on a distributed ledger outside the remit of any controlling entity.

Despite claims of democratization made by some crypto projects, with token holders being able to participate in governance, a widely-held criticism of Web 3.0 is that control is concentrated among [venture capitalists](#) and early adopters.

Web 3.0 Technologies

There are many different paths that the future development of Web 3.0 could take. Here are a few of the Web3 technologies we’re starting to see deployed today:

DeFi: Decentralized Finance

One of the most intriguing sectors is [DeFi](#), which is short for decentralized finance.

DeFi aims to revolutionize the financial sector, removing the need for central authorities such as banks, payment processors and other intermediaries. In their place would be a peer-to-peer financial system that lives on the blockchain.

Advocates argue that this approach would reduce fees, boost transaction speeds and allocate capital more efficiently.

As with most Web3 applications, there would also be enhanced transparency, given all loan amounts, collateral and other data are available for anyone to see on publicly accessible blockchains.

Most of what banks and other financial intermediaries offer can be achieved through DeFi, argue its proponents. This includes bank deposits, lending and borrowing, asset trading and insurance, among others.

A few examples of popular DeFi protocols include [Uniswap](#) (UNI), Aave (AAVE) and Chainlink (LINK), which are designed to carry out financial transactions.

NFTs: Non-Fungible Tokens

Non-fungible tokens ([NFTs](#)) are a class of digital assets that live on the blockchain.

Each NFT is unique (non-fungible), and no two NFTs are identical. This is in contrast to, say, dollars, which are fungible—one dollar is exactly the same as any other dollar.

Advocates see a wide variety of potential use cases for NFTs, but to date the only widespread use has been for digital artworks. As the crypto market accelerated moonwards in 2021, multimillion-dollar sales of digital art NFTs were commonplace.

But as crypto winter set in in 2020, the NFT market crashed. Professional investors and art world critics derided NFTs as little more than a [speculative bubble](#).

Crypto world has not given up on NFTs, and Web3 proponents see them as useful for verifying intellectual property, authenticating documents and various [crypto gaming](#) features.

“NFTs could change multiple different aspects of our daily lives, such as tamper-proof identification, concert ticket sales, and much more,” says Giorgi Khazaradze, CEO of crypto trading platform Aurox. “For now, though, NFTs remain extremely speculative.”

Many types of traded cryptocurrencies support NFTs on their blockchains. A few examples include [Ethereum](#) (ETH), [Solana](#) (SOL) and [Avalanche](#) (AVAX), to name a few.

DAOs: Decentralized Autonomous Organization

Decentralized autonomous organizations (DAOs) may sound complicated, but the underlying concept is simple. A DAO is a group formed for a common purpose, with its rules, plans and objectives all encoded on the blockchain.

DAOs are controlled by their members. Proponents claim that a DAO has no hierarchy, no bureaucracy and no red tape. Most commonly they operate based on a democratic structure, where votes are cast in connection to how many crypto tokens users hold.

“What makes a DAO attractive to many users is that all financial transactions are recorded on a blockchain, which eliminates any third-party involvement,” says Felice Gorordo, CEO of eMerge Americas.

“Instead, the transactions go through uneditable, transparent smart contracts. Breaking away from the traditional vertical company structure of executives, board of directors, and investors, a DAO allows all members to be involved and vote if any changes need to be made,” Gorordo says.

How to Invest in Web 3.0



If you believe in the vision of the future, [buying cryptocurrency](#) is an easy way to gain exposure to Web3. You can purchase cryptocurrencies that support DAOs and DeFi protocols or buy digital art in the form of NFTs.

Just remember, Web 3.0 is in its nascent stage. Investments of this nature are highly speculative and should be discussed with a [financial advisor](#).

ADVERTISEMENT

Best Crypto Products for November 7, 2022

Powered by **Bankrate**

Partner	Fees	Minimum	Highlights	Sort by
ONLINE TRADING & CRYPTOCURRENCY				
	\$0	\$0		
	All-In-One Investing. Including Crypto. Download The App And Get Up To \$1000 When You Open An Account.			Next →
	Expand details			
ONLINE TRADING & CRYPTOCURRENCY				
	\$0	\$0		
	(3.5) Robinhood Provides Tools To Help You Invest. The Platform Is Built To Be Intuitive And Accessible For Newcomers And Experts.			Next →
	Expand details			
CRYPTOCURRENCY				

 Was this article helpful?

[SHARE YOUR FEEDBACK](#)

Buying Guides

[Best Investment Apps](#)



[Best Crypto Exchanges](#)

[Best Crypto Staking Platforms](#)

[Best Online Brokers](#)

[Best Money Market Mutual Funds](#)

[Best Investment Portfolio Management Apps](#)

[Best Low-Risk Investments](#)

[Best Fixed Income Investments](#)

Basics

[What Is Investing?](#)

[What Is A Brokerage Account?](#)

[What Is A Bond?](#)

[What Is the P/E Ratio?](#)

[What Is Leverage?](#)

[What Is Cryptocurrency?](#)

[What Is Inflation & How Does It Work?](#)

[What Is a Recession?](#)

[What Is Forex Trading?](#)

Guides

[How To Buy Stocks](#)

[How To Invest In Stocks](#)

[How To Buy Apple \(AAPL\) Stock](#)

[How To Buy Tesla \(TSLA\) Stock](#)

[How to Buy Bonds](#)

[How To Invest In Real Estate](#)

[How To Invest In Mutual Funds](#)

[How To Calculate Dividend Yield](#)



Metals

[How To Buy Gold](#)

[Gold Price Today](#)

[Silver Price Today](#)

Calculators

[Investment Calculator](#)

[ROI Calculator](#)

[Retirement Calculator](#)

[Business Loan Calculator](#)

[Cryptocurrency Tax Calculator](#)

Investing Reviews

[Personal Capital Review](#)

[Acorns Review](#)

[Betterment Review](#)

[SoFi Automated Investing Review](#)

[Wealthfront Review](#)

[Masterworks Review](#)

[Webull Review](#)

[TD Ameritrade Review](#)

[Robinhood Review](#)

[Fidelity Review](#)



More from forbes-advisor

Chase Sapphire Reserve: Rich Benefits Bring You Closer To Adventure

By **Forbes Advisor Brand Group**

6 Top Metaverse Coins

By **Dan Ashmore** Contributor

Top 10 Cryptocurrencies Of 2022

By **Kat Tretina** Contributor

How To Buy Decentraland

By **E. Napoletano** Contributor

How To Buy Cardano (ADA)

By **E. Napoletano** Contributor

How To Invest In The Crypto Bear Market

By **Dan Ashmore** Contributor

Kraken vs. Binance.US

By **David Rodeck** Contributor



advise individuals or to buy or sell particular stocks or securities. Performance information may have changed since the time of publication. Past performance is not indicative of future results.

Forbes Advisor adheres to strict editorial integrity standards. To the best of our knowledge, all content is accurate as of the date posted, though offers contained herein may no longer be available. The opinions expressed are the author's alone and have not been provided, approved, or otherwise endorsed by our [partners](#).

 **Dan Ashmore**
Contributor

Dan Ashmore, CFA, is a financial analyst from Ireland. He writes for CoinJournal and Invezz, and has contributed analysis to Bitcoin.com, The Independent, and numerous other publications. Dan has also published a paper assessing Bitcoin's fair price and is currently writing a book analyzing the asset through a macroeconomic lens. Additionally, he works as a sports arbitrage trader, exploiting pricing inefficiencies in the betting markets. Follow or DM him on Twitter @DanniiAshmore

Forbes

© 2022 Forbes Media LLC. All Rights Reserved.



[AdChoices](#) [Privacy Statement](#) [Terms and Conditions](#) [About Us](#) [Contact Us](#) [Careers](#) [Reprints & Permissions](#) [Newsroom](#)

[Forbes Quote of the Day](#) [Advertise](#)