

Agpaytech's Research
11th November, 2024

Reusing Gold for Digital Investment:

*How Zimbabwe's Gold-Backed Currency is
Shaping Economic Resilience*



Executive Summary



Agpaytech projections suggest that by 2030, the prices could nearly triple, especially in USD and EUR.

This report analyzes Zimbabwe gold coin prices from 2022 to 2024, evaluates the potential benefits of a gold-backed currency, and examines how mineral resources could further support economic resilience.

The data shows a consistent year-on-year increase in the value of the gold-backed currency, indicating strong potential for maintaining and increasing value over time. Agpaytech projections suggest that by 2030, the prices could nearly triple, especially in USD and EUR.

This upward trend makes the gold-backed currency a promising hedge against inflation and currency depreciation, beneficial for investors and financial technology (FinTech) companies seeking stability in an uncertain economic climate. Additionally, the report discusses the potential for gold-backed currency in relation to stablecoins and outlines key insights for investors and FinTech companies.

Introduction

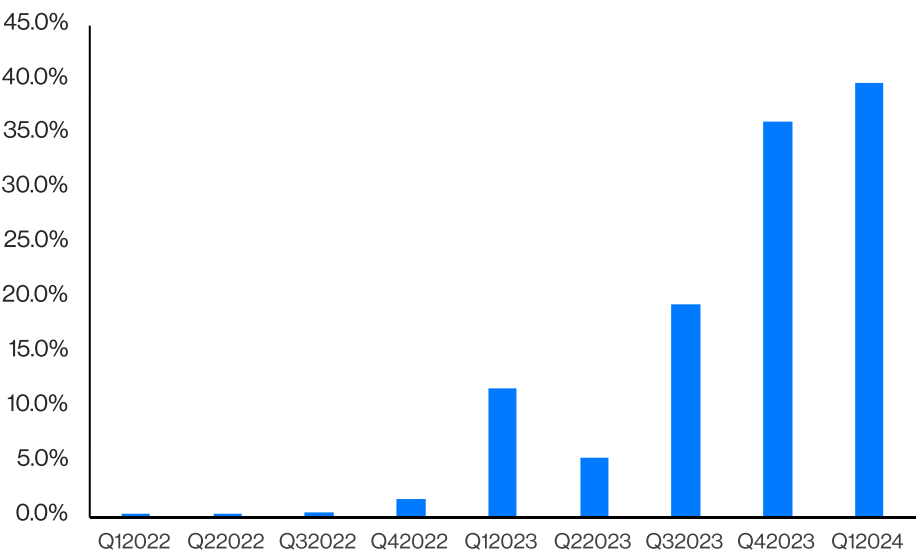
In July 2022, the Reserve Bank of Zimbabwe introduced a gold-backed currency in the form of 1.00Oz, 0.50Oz, 0.25Oz and 0.10Oz ounce gold coins to stabilize the nation’s currency and curb inflation.

This innovative measure was driven by Zimbabwe’s struggle with severe inflation, devaluation of the Zimbabwean dollar, and economic volatility. Globally recognized store of wealth, Zimbabwe aims to mitigate currency depreciation and foster economic stability with the abundance of pure gold as backing reserve.

Gold-backed currency holds several potential benefits for Zimbabwe, especially in light of its persistent inflation and currency devaluation challenges. A currency anchored to gold helps prevent hyperinflation by ensuring that money in circulation is backed by tangible, valuable assets. This stabilizes the economy by reducing the possibility of unchecked currency depreciation. Gold is universally recognized as a secure store of value. By issuing a currency tied to gold, the Zimbabwean government can foster greater trust among citizens, investors, and the international community, which may otherwise view Zimbabwe's fiat currency with skepticism. Since gold often retains or gains value over time, especially during periods of economic uncertainty, a gold-backed currency serves as a hedge against inflation, preserving purchasing power.

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Fig 1. Zimbabwe Gold % of Total Reserves



Source: Agpaytech [Data from World Gold Council, 2024]

Stabilizing the Zimbabwean Dollar: 3 Years of Gold Coin Currency

Zimbabwe made a bold move in July 2022 when the country introduced gold coins into the market as a store of value.

The fig 2 indicates the progression of 1-ounce gold coin prices in USD, GBP, and EUR since its launch in July 2022. Across all three currencies, the price trajectory indicates a consistent appreciation, suggesting that the gold-backed currency has been successful in retaining value and shielding wealth from the effects of inflation

■ **USD Performance:**

The value of the 1-ounce gold coin in USD increased from \$1,841.07 in July 2022 to \$2,794.52 in September 2024, marking a growth of over 51% within two years.

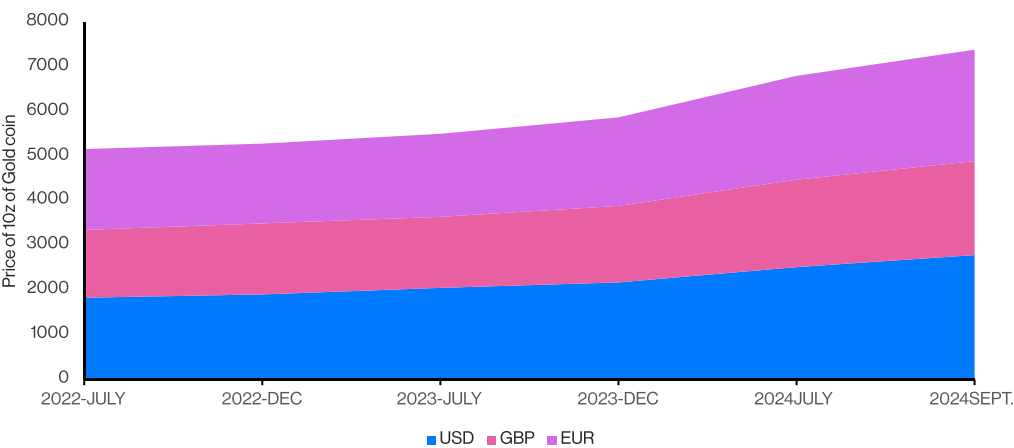
■ **GBP Performance:**

In GBP, the price rose from £1,511.68 in July 2022 to £2,094.69 in September 2024, an increase of approximately 38.5%.

■ **EUR Performance:**

Similarly, the value in EUR increased from €1,801.26 in July 2022 to €2,507.20 in September 2024, reflecting an approximate 39.1% gain.

Fig 2. MOSI-OA-TUNYA Gold Coin Price



Source: Agpaytech

USD Performance

51%

within 2 years

GBP Performance

38.5%

in 3 months

EUR Performance

39.1%

in 3 months

Year-on-Year Increase in 1-ounce Gold Coin Prices

The year-on-year analysis of the 1-ounce gold coin prices shows a consistent upward trend, reflecting substantial growth in the value of this asset across USD, GBP, and EUR.

Starting in July 2022, the USD price of the gold coin was 1,841.07, which rose to 2,794.52 by September 2024. The YoY percentage increases illustrate a progressive acceleration, with the USD value increasing by 11.45% from July 2022 to July 2023 and further surging by 23.16% by July 2024. Similarly, GBP and EUR prices have followed a rising trajectory, with GBP experiencing a 5.69% increase from July 2022 to July 2023, which grew to 21.88% by July 2024. In the EUR market, the YoY growth jumped from 3.50% in 2023 to 24.44% in 2024.

This continuous appreciation suggests that the gold-backed currency is not only maintaining its value but is also increasingly seen as a safe investment, potentially making it a robust hedge against inflation and currency depreciation. The accelerated growth rates, especially from 2023 onwards, emphasize the value of gold-backed currency as a stable store of value, making it an attractive option for investors looking to counteract the impacts of inflation and depreciation in volatile economic environments.

Table 1. YoY analysis of Zimbabwe gold coin prices

Date	USD	GBP	EUR	USD YoY (%)	GBP YoY (%)	EUR YoY (%)
2022-July	1841.07	1511.68	1801.26	—	—	—
2022-Dec	1904.44	1580.31	1787.70	—	—	—
2023-July	2051.96	1597.73	1864.23	11.45	5.69	3.50
2023-Dec	2182.32	1712.16	1972.63	14.59	8.34	10.34
2024-July	2527.19	1947.29	2319.80	23.16	21.88	24.44
2024-Sept	2794.52	2094.69	2507.20	28.05	22.34	27.10

Source: Agpaytech

USD Price of Coin

July, 2022
1,841.07

Sept, 2024
2,794.52

YoY % (USD)

July (2022 - 2023)
11.45%

July 2024
23.16%

YoY % (GBP)

July (2022 - 2023)
5.69%

July 2024
21.88%

YoY % (EUR)

2023
3.50%

2024
24.44%

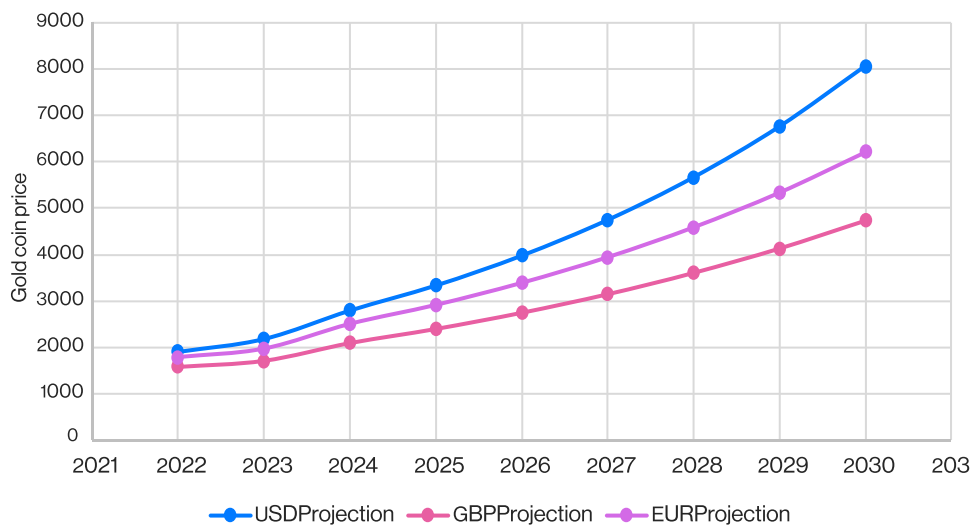
Projected 1-ounce Gold Coin Prices by 2030

Assuming the average growth rates continue, the projections for 1-ounce gold coin prices in USD, GBP, and EUR from 2025 to 2030 will rise significantly.

For instance, Fig 3 indicates a significant increase in the value of Zimbabwe's 1-ounce gold-backed coin across major currencies (USD, GBP, and EUR) since its introduction in 2022. This upward path reflects the effectiveness of the gold-backed currency in countering depreciation and providing a stable store of value. If the observed average growth rates continue, projections suggest that by 2030, the value of the gold coin could more than quadruple in USD terms, reaching approximately \$8,062.49.

The projections in GBP and EUR similarly show strong growth, with values potentially reaching £4,735.98 and €6,218.13, respectively, by 2030. This steady appreciation supports the gold-backed currency's potential as a reliable inflation hedge and a stable alternative to the volatile Zimbabwean dollar. For investors and FinTech firms, these projections highlight the gold-backed currency's attractiveness as a safe, appreciating asset, especially in regions facing inflationary pressures and currency instability.

Fig 3. Zimbabwe gold price estimate by 2030



Source: Agpaytech

Price by 2030

USD
\$8,062.49

GBP
£4,735.98

EUR
€6,218.13

Investment Potential for Fintechs and Investors

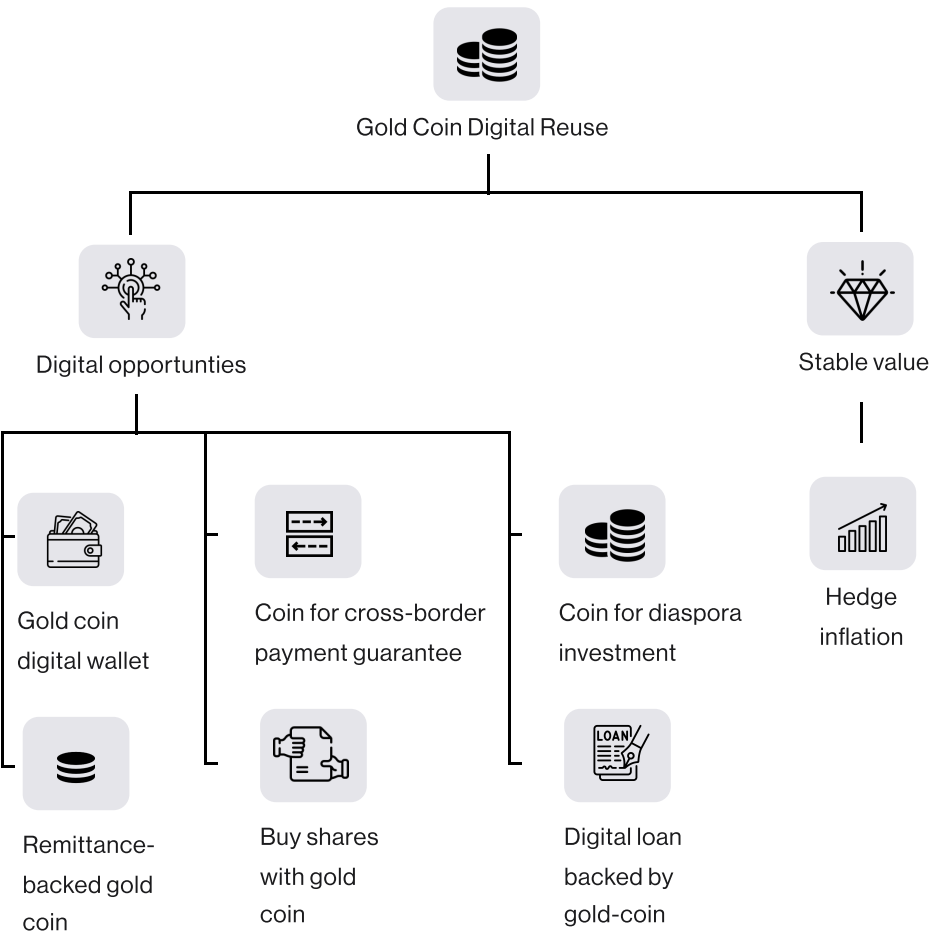
For investors and FinTech companies, Zimbabwe’s gold-backed currency presents attractive benefits.

Given Zimbabwe’s inflationary environment, investors could protect their wealth by purchasing a currency tied to gold, which typically appreciates over time. Gold-backed currency tends to exhibit more stable value retention, providing a safe haven for investors, especially in volatile markets. This stability could appeal to both local and international investors. The gold-backed currencies provide digital opportunities for investors and FinTech.

FinTech could leverage the gold-backed currency in digital applications, such as digital wallets, remittances, and payment systems, to attract users seeking a more stable store of value. These digital offerings would increase currency accessibility and could facilitate micro-investments, making the currency more attractive to retail investors.

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Fig 4. Digital reuse opportunities of gold coin



Source: Agpaytech

Potential of Harnessing Mineral Resources for Economic Stability

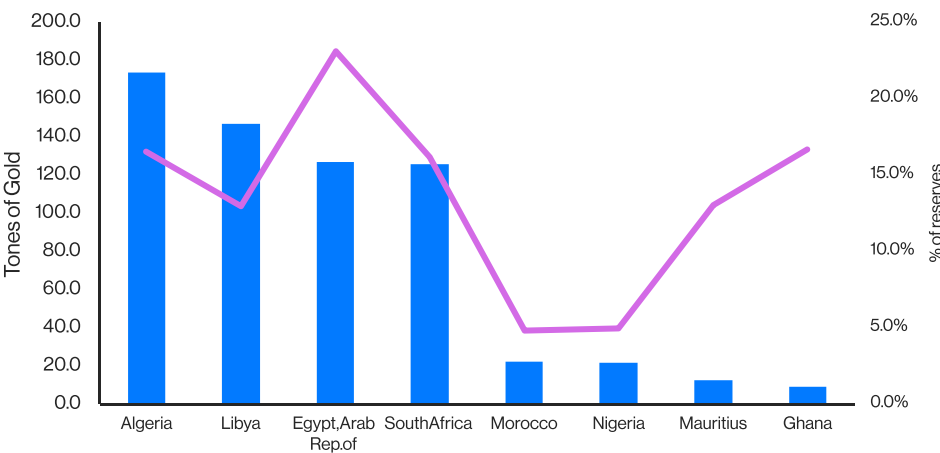
Zimbabwe's abundance of mineral resources offers a unique opportunity to support its currency and mitigate inflation.

In addition to gold, Zimbabwe possesses other valuable minerals, such as platinum, diamonds, and lithium. Incorporating these resources into its monetary strategy, Zimbabwe could broaden the asset base: Expanding from gold to a diversified resource-backed currency would spread risk and reduce dependence on a single asset, which could further stabilize the economy. Effective utilization and sale of natural resources would boost government revenue, allowing for reinvestment in the economy. This would strengthen the country's economic resilience and create a robust backing for the currency.

The demand for resources like lithium and platinum is rising due to global technological advancements. Zimbabwe could leverage this trend, investing in resource extraction and refinement to foster long-term economic growth.

Effective utilization and sale of natural resources would boost government revenue, allowing for reinvestment in the economy.

Fig 5: Gold holdings by selected African countries



Source: Agpaytech

Relationship Between Gold-Backed Currency and Stablecoins

Gold-backed currency shares several key characteristics with stablecoins, particularly asset-backed stablecoins.

For example, both asset-backed stablecoins and gold-backed currency are designed to retain stable value, reducing volatility and acting as reliable stores of wealth. While stablecoins are usually pegged to fiat currency or assets like gold, Zimbabwe's gold-backed currency is directly supported by physical reserves of gold. Also, the gold-backed currency and asset-backed stablecoins both inspire confidence, as they represent tangible backing, unlike purely algorithmic or fiat-backed stablecoins.

This structure can make both types of assets appealing during times of financial uncertainty. Moreover, Zimbabwe could consider issuing a digital version of its gold-backed currency, essentially a gold-backed stablecoin. This would combine the physical asset security of gold with the efficiency and accessibility of blockchain technology, expanding access to both domestic and international markets.

The consistent appreciation in the value of Zimbabwe's gold-backed currency indicates that the initiative is achieving its intended objectives. Key outcomes include:

- **Value Preservation:**

The rising prices in USD, GBP, and EUR reflect successful value preservation, shielding wealth from inflationary erosion.

- **Economic Stability:**

The initiative appears to be positively impacting the economy by offering a stable asset that protects against currency devaluation.

- **Attracting Investments:**

With the currency's proven ability to appreciate, Zimbabwe is likely to attract both local and foreign investments, which would boost economic growth.

Zimbabwe could consider issuing a digital version of its gold-backed currency, essentially a gold-backed stablecoin.

Conclusion

Zimbabwe's introduction of a gold-backed currency has yielded promising results in terms of stabilizing the national currency and mitigating the effects of inflation. As seen in the data, the value of 1.0-ounce gold coins has risen consistently, providing a reliable store of wealth for investors and an innovative means of economic stabilization for the country. Leveraging Zimbabwe's rich mineral resources offers further potential to enhance currency stability, and expanding into digital gold-backed assets could increase accessibility and attractiveness for both FinTech and international markets. Balancing natural resource wealth with a proactive approach to monetary stability, Zimbabwe's initiative serves as a model that could inspire other resource-rich, inflation-prone nations. The continued success of this program could position Zimbabwe as a leader in resource-backed economic solutions, offering an alternative to fiat currency systems and underscoring the value of gold as a foundation for stable, resilient economies

Balancing natural resource wealth with a proactive approach to monetary stability, Zimbabwe's initiative serves as a model that could inspire other resource-rich, inflation-prone nations.

About Agpaytech

Agpaytech Ltd. is a company pioneering in the Fintech space with a focused approach to building robust technologies for e-commerce Card Processing Solutions for Payment Service Providers (PSPs). Additionally, we provide Compliance and Regulatory Umbrella, Remittance-as-a-Service (RaaS), Banking-as-a-Service (BaaS), Foreign Exchange, Cross Border Payments, and digital currency technology.

We also provide practical white paper research support to central banks, government and private institutions, economic organizations, and NGOs in Africa. Our services expand from research projects, state-of-industry reports, project assessment, data collection, and consulting services in the fintech space.

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