ADVERTISING FEATURE

Innovative investment solutions

Fintech brings gold into the digital age

The co-founder of fintech Rush Gold, Jodi Stanton, and the company's mobile app for transacting gold.

While risk-averse investors are selling off big-name tech stocks all the way from Apple to Zoom, interest in the booming fintech sector remains red-hot as innovation extends from lending and payments to transforming the nature of money itself.

Fintechs now account for one in five of the total venture capital dollars globally, according to CB Insights' 2021 *State of Venture* report.

In that year, $US131.5 billion ($182 billion) of venture capital funds poured into top fintechs globally, 169 per cent greater than in 2020 ($US49 billion).

"Fintechs also saw the highest proportion of early-stage deals of any industry, indicating that the sector is ripe for explosion in 2022 and beyond as start-ups mature," the report says.

One of the biggest opportunities in the market is the convergence of technology across massive fintech channels, including investments, "neo banks" and digital assets.

Cryptocurrencies – notably Bitcoin – offer the promise of speed and, in theory, protection against the ever-eroding value of government-issued paper money in inflationary times.

As the recent volatility in Bitcoin shows, "cryptos" remain volatile and regulatory risks remain high. Digital currencies are also yet to prove their merit as a hedge against share markets, which have been hit by the potent double whammy of inflation fears and the Ukrainian war.

Gold, meanwhile, has been proving its 4000-year-old reputation as a safe harbour amid these geopolitical and inflation concerns.

Recent history shows that when share markets retreat, bullion does otherwise. This was certainly the case during the early 2000s dotcom bust, the World Trade Centre terrorist attacks and ensuing Gulf War and the global financial crisis.

The gold price also soared in the early stanza of the pandemic before taking a break, but again is challenging last year's record levels. Inflation concerns and the Ukrainian conflict aside, gold is also supported by robust demand fundamentals as jewellery and electronics demand recovers.

The co-founder of fintech Rush Gold, Jodi Stanton, describes gold as "history's most reliable wealth protection asset". In fact, it used to back major currencies including the US dollar, sterling and the Australian dollar.

While gold sits in a vault, it is not a productive asset. But what if it can be made to be highly transactional, easily bought and sold and used as an everyday payments tool for investors?

That's the thinking behind Rush Gold, which has developed the world's first physical gold platform to enable customers to pay with gold via the world's major mobile wallets.

With the goal of bringing gold into the digital age, Rush Gold was founded in 2016 by Stanton and fellow entrepreneur Mark Pey, both from the United States.

"Rush Gold transforms the world's oldest trusted currency into the newest," Stanton says.

"Rush brings the modernity, speed and convenience of a fintech app to a traditional asset with unprecedented accessibility, making it seamless to buy, sell, send and even spend in real time – around the clock and around the globe.

"We've taken a $US12 trillion market, and added both the utility of a cryptocurrency and the customer experience of a 'neo-bank'."

Stanton adds that Rush clients have direct title and independent, audited custody of insured physical gold bullion.

The other leg to the Rush Gold story is its API (application programming interface) platform, which enables "plug and play" connectivity with third parties such as banks, wealth managers and payment apps.

Rush Gold now has customers in 15 countries, with access to hundreds of local payment types. Customers range from novice investors to high-net-worth individuals, with transaction sizes ranging from $1 to $1 million.

Self-managed super fund (SMSF) owners are also a growing sub-segment, spurred by the need to protect their broader portfolios.

> "We've taken a $US12 trillion market, and added both the utility of a cryptocurrency and the customer experience of a 'neo-bank'."
> Jodi Stanton

The provider sees itself competing not only with gold exchange-traded funds (ETFs, which have higher holding costs) but also as an alternative to bonds and low-interest accounts.

"If inflation now forces central banks to raise rates, bonds will flip back from being capital growth assets to being capital destruction assets – just as they were prior to 1981, because bond prices fall as rates go up," Rush Gold says.

"Falling bond markets also mean that bondholders will need to move to a different capital preservation model than the old rule of thumb of 60 per cent equities and 40 per cent bonds. Gold, as a bond alternative, has been described as a zero-coupon bond with infinite duration and limited issuance."

Rush Gold is gearing up for its next phase of expansion and product development: having raised $8 million of private capital earlier, it is seeking to raise a further $10 million to $20 million in the second (June) quarter.

The message is that technology is making gold shine again – as it has through thousands of years of financial and geopolitical upheaval.