

The \$WLD is Ending

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1 Executive Summary

The rapid expansion of artificial intelligence (AI) and automated systems has transformed the digital world, providing immense benefits in communication, research, healthcare, and productivity. This efficiency has redefined how we interact online, lowering barriers to information and enabling entirely new categories of digital experiences. However, this surge in automation has also produced an unintended consequence. In 2025, **51% of all internet traffic** (Figure 1 in Appendix) comes from these bots, marking the first time ever where non-human activity surpassed that of humans online. This shift blurs identity, undermines trust, and complicates any system that relies on knowing whether the party on the other end is a real person.

The internet then faces a fundamental question: *How do we verify that a real person, and not an AI or a bot, is behind a given action?* **World** has rapidly become the most scaled and controversial PoP protocol, issuing over 17 million of World IDs through its biometric onboarding system. Its ambition is to serve as a global identity layer for AI-native applications, digital payments, and online authentication.

However, **WLD** token sits at the center of misalignment between the promise of identity protocol and the economics of the asset. Despite the growth of World ID, WLD is optional for verification, non-essential to protocol operation, and is exposed to a deep emissions schedule that dilutes holder’s value as adoption of Worldcoin increases. Between July and November 2025, World distributed roughly 245 million WLD in user incentives—equivalent to \$164 million at an average price of \$0.67, entirely through onboarding rewards. Over the same period, market capitalization fell by \$310 million, even as active addresses grew by 3.5 million. This dynamic reveals a structural imbalance: each new verified user introduces 75 WLD of sell pressure into the market, while the marginal value added per active address is negative. Our model estimates that maintaining price parity would require \$50.25 of new external capital per new user, yet the actual market response equates to $-\$88.57$ in capital flow per user—meaning that adoption accelerates downward repricing rather than supporting it.

Regulatory scrutiny in key jurisdictions, particularly around biometric data collection, targets the mechanisms surrounding WLD distribution more directly than the identity protocol itself, further weakening WLD’s long-term value capture. Eight countries have already taken formal action against World. Notably, Spain, Germany, and Portugal ordered the deletion of all collected biometric data, while Kenya and Brazil imposed outright bans on World’s operations due to concerns over opaque practices and questionable incentive structures. In several of these markets, World offered WLD in exchange for biometric enrollment, raising serious ethical and legal concerns regarding whether such incentives constituted a form of improper compensation, especially when users lacked full understanding of the project’s scope. These regulatory interventions directly affect WLD: they obstruct distribution channels, restrict market penetration, and damage the broader reputation of the project. As a result, WLD absorbs the negative consequences of regulatory actions even when the core identity protocol continues to evolve, reinforcing the token’s structurally weak ability to capture value.

2 Project Overview & Traction

In an online ecosystem increasingly shaped by AI-generated content, automated agents, and identity fraud, PoP systems have emerged as a critical infrastructure for distinguishing real human users from bots and malicious actors. These protocols aim to verify an individual’s uniqueness and humanity without requiring the disclosure of personal information. Existing PoP approaches span a broad spectrum, from social graph models that rely on networks of human attestations to credential-based systems that aggregate proofs tied to existing digital identities.

World Network (World) represents the most ambitious and controversial attempt to build a globally scalable PoP standard. Co-founded by Sam Altman and Alex Blania under Tools for Humanity, World introduced *World ID*, a biometric identity protocol centered on a proprietary hardware device known as the Orb. During enrollment, the Orb captures an individual’s iris pattern and produces a privacy-preserving, non-reversible hash designed to serve as a persistent proof of personhood across applications. With millions of enrollments completed worldwide, World ID is currently the largest PoP system ever deployed. The project positions itself as a foundational identity layer for AI-era applications, global financial access, and online authentication systems that require reliable verification of human users.

World’s ecosystem also includes the **World App**, a custodial mobile wallet that integrates identity verification with basic financial services. Eligible users may receive periodic distributions of the WLD token through the app, which can be used within its “mini-app” ecosystem—offering services such as eSIM

purchases, prepaid phone top-ups, microloans, and optional WLD staking—or swapped into stablecoins and fiat through integrated on/off ramps. These components collectively define World’s product suite across identity verification, global onboarding, and consumer financial applications. World has, at this point, reached large-scale visibility and measurable user growth as the leading PoP system. This is cultivated by over 17 million verified World IDs, 7,500 Orbs made in 781 locations, and 458 apps created on the World App (World App).

3 Value Proposition & Narrative

World’s value proposition centers on establishing a globally scalable, privacy-preserving PoP layer, which can reliably distinguish humans from bots, AI agents, and duplicated identities. As automated content generation accelerates and non-human traffic surpasses human activity online, the project positions itself as providing a foundational identity primitive necessary for maintaining trust and integrity across digital ecosystems. From World’s whitepaper, it’s narrative is structured into three main propositions:

1. A universal PoP standard

World aims to solve a global coordination problem: enabling any application, service, or institution to verify that a real, unique human is behind an account or interaction. By abstracting identity into a privacy-preserving hash, World seeks to offer Sybil-resistant verification without relying on government IDs, phone numbers, or platform-specific credentials.

2. Bridge between digital identity and finance

Through the World App, the project combines identity with basic financial services, presenting itself as an onboarding layer for globally underserved populations. The narrative ties proof-of-personhood to equitable financial access, particularly in regions with limited digital banking infrastructure.

3. Human layer for AI-native systems

As AI agents become more capable and widespread, World positions itself as an identity safeguard for the future: a mechanism to anchor authentication, content generation, and economic interactions to verified individuals. This “humanity layer” for AI is central to the project’s forward-looking narrative, presenting World as infrastructure for a world in which digital and biological identity increasingly converge.

4 Market Analysis

A closer examination of World shows that a lot of the traction is incentive-driven, weakly retained, and most importantly, **structurally disconnected** from WLD token demand. While millions of biometric verifications and a growing World App user base initially suggest product momentum, quantitative analysis of usage data, token distribution, and price performance demonstrates a deeper structural issue: user adoption does not translate into token appreciation. In World’s model, adoption produces sell pressure, not buy pressure.

The relationship between adoption and token value shows as usage increases, price either remains flat or declines, indicating that network growth drives *sell pressure*, not demand. Price vs. Daily Active Users (Figure 2, Appendix) shows a clear trend. The daily active users, on-chain and through the app both have increased over time. WLD doesn’t follow this increase, and actually has decreased consistently in the same timespan. This implies that user activity on the World App and World chain don’t create token demand. This makes sense, as the token isn’t required in any aspect of World’s operations, from verification, to identity usage, to most of the mini-app interactions. From a value capture standpoint, this is a major and fundamental flaw: protocol usage is decoupled from token value. Diving into this further, the data shows that these adoption-driven distribution cycles do not produce any corresponding upward movement in price. Instead, each spike in DAU aligns with increased circulating supply, and not increased demand. The result is a one-directional economic flow:

Adoption → New token distributions → Immediate selling → Downward price pressure

The relationship between circulating supply, market capitalization, and token price also reveals a structural imbalance in WLD’s value capture. As shown in the chart, circulating supply increases continuously and without interruption over the observed period, while neither market capitalization nor price exhibit a corresponding upward trend. Instead, WLD’s price declines steadily despite persistent supply expansion, and

market capitalization remains flat or falls even as the number of tokens in circulation grows. The widened gap between fully diluted market cap (FDMC) and actual market cap further illustrates the market’s expectation that future emissions will exert continued downward pressure on price. (Figure 3, Appendix) This divergence demonstrates that increased supply is not met with proportional demand; new tokens enter circulation primarily through distributions to users, who overwhelmingly convert them into stable value rather than holding. As a result, WLD experiences a one-directional dynamic in which adoption expands supply, but not demand, producing structural sell pressure and persistent price compression. This pattern is consistent with dilution-driven decline rather than organic value accrual, reinforcing concerns about the token’s long-term viability.

This all leads to the main structural insight: **User adoption doesn’t produce buy pressure, it only produces sell pressure.** That leads to the one-way price dynamic which is already showing itself. There is no counterbalancing token sink, no required utility, and no mechanism that converts increased adoption into increased WLD demand. Traction, therefore, functions as an *expansion of supply*, not an expansion of value.

To evaluate the dilution dynamics created by World’s user-driven token distribution model, we can analyze how market capitalization changes relative to the growth in verified users. Since WLD is distributed directly to new users who verify on the platform, each additional verified person introduces new circulating supply that the market must also absorb in order to maintain the token’s current price. This framework therefore allows us to calculate the marginal dilution per new active address by comparing changes in market value to changes in the number of verified users. By estimating the value represented per active address and the required capital injection needed to offset newly distributed tokens, we can determine whether adoption is accretive or dilutive to token holders.

The required capital injection (D_{req}) to maintain the current price (P_t) when a new person joins (represented by ΔA) is the amount of money needed to absorb the newly distributed tokens and prevent the price from falling. If the price is to remain constant, the market capitalization must increase by the value of the newly distributed tokens.

$$D_{req} \approx \Delta A \times \text{Average Grant Value} - \text{Organic Demand}$$

$$\Delta A = 3.5 \text{ million}$$

(Derived from looking at how user base grew from 14M in July 2025 to 17.5M in November 2025)

Now we can quantify the sell pressure from these new users dumping their incentive grants:

- Average grant value is approximately 75 WLD(WLD app)
- Price: \$0.67 (November 2025 Average)
- $D_{req} = 75 \text{ WLD} \cdot \$0.67 = \$50.25$ (Organic Demand to be negligible due to lack of function with the token)

With 3.5 million new users each receiving 75 WLD, World distributed 245,000,000 WLD between July and November 2025—worth roughly \$164 million at an average price of \$0.67. To maintain the token price at that level, the market would have needed to absorb the full \$164 million in newly issued tokens. Instead, as shown in the previous step, network-wide market capitalization fell by \$310 million over the same period. This indicates that not only did the market fail to supply the required inflow, but capital actually left the ecosystem, accelerating downward price pressure. Assuming that the increase in active addresses (ΔA) reflects the users who received WLD grants, we can estimate dilution by examining how market capitalization changes relative to user growth. Using market capitalization (MC) and active address count (A), the marginal change in market value per new active address shows whether adoption brings capital into the system or drains it. A positive value would indicate that users bring in external demand; a negative value reveals that growth is dilutive, with new tokens entering circulation faster than the market can absorb them.

$$MC_{Jul} = 2.0 \text{ billion} \cdot \$0.94 = 1.88 \text{ billion} \ \& \ MC_{Nov} = 2.34 \text{ billion} \cdot \$0.67 = 1.57 \text{ billion}$$

$$\Delta MC = -\$310 \text{ million}$$

$A_{t_{Nov}} = 17.55$ million & $A_{t_{Jul}} = 14.0$ million
 $\Delta A_t = 3.55$ million

$$\begin{aligned} \text{Required Capital Injection per New Active Address} &= \frac{\Delta MC_t}{\Delta A_t} \\ &= \frac{-\$310 \text{ million}}{3.55 \text{ million}} \\ &= \$ - 88.57 \end{aligned}$$

Since this value is less than $D_{req}(\$50.25)$, new users trigger net sell pressure and downward price movement. Our model’s conclusion affirms the idea that WLD coin will be currently experiencing a **dilution spiral**. The user growth will push the coins price down as more and more capital will be demanded per user to maintain the price. Unless the organic demand increases in order to offset \$164 million liability created by additional grants, more user acquisition at the current pace will drive the WLD token price down.

5 Catalysts

Regulatory scrutiny represents one of the most significant downside catalysts for WLD, not only because World operates in one of the most sensitive areas of digital governance (biometric identity) but because the form of scrutiny it faces targets both of its core pillars. Those are biometric data collection and informed consent, and token distribution tied to identity enrollment.

World is not dealing with isolated cases of operational friction; it is grappling with sustained, escalating interventions from jurisdictions across multiple regions. Countries including Germany, Portugal, Spain, Brazil, and Kenya have already taken legal action against the project, ranging from temporary suspensions to full operational bans. In the EU, regulators have gone as far as ordering the deletion of all collected biometric data in certain regions, a severe penalty that signals deep distrust in World’s data management practices. Kenya suspended operations after raising concerns about coercion and inadequate transparency around why individuals were being incentivized to provide their biometric information. These interventions are not narrow procedural issues; they reflect foundational concerns with transparency, data protection, and informed consent. Regulatory environments shaped by privacy law do not tend to revert quickly or casually, especially where biometric data is involved.

The nature of the concerns raised by regulators directly threatens the mechanics of WLD’s distribution. Authorities have focused particularly on how biometric data is collected, questioning whether users fully understand what the Orb captures and whether existing consent mechanisms are sufficient. Even the privacy-preserving biometric hash that World stores may still qualify as “personal data” under regulatory frameworks. Any requirement to modify or restrict data collection procedures would slow onboarding substantially. Equally important is the scrutiny of WLD’s role as the enrollment incentive. Regulators across multiple jurisdictions have expressed concern that distributing tokens in exchange for biometric data can constitute a coercive or misleading incentive, particularly in lower-income regions. This marks the incentive model as “unusable”. Because the WLD token underpins the incentive engine for onboarding, restrictions on this practice strike not at the periphery of the network but at the heart of its user acquisition strategy.

These regulatory actions materially reduce token distribution by disrupting on-boarding pipelines and shrinking liquidity inflows. WLD does not gain holders through market demand; it gains them almost exclusively through direct distributions to newly verified users. When regulators halt operations in a region, Orb onboarding ends immediately, distributions cease, new liquidity from onboarding disappears, and existing holders face no inflow of new recipients to absorb market supply. This dynamic creates a downward spiral: reduced onboarding leads to fewer new wallets receiving WLD, which in turn means that existing sell pressure becomes increasingly dominant. With each regulatory setback, the imbalance between supply expansion and user-driven absorption widens, accelerating downward price momentum.

This pressure is amplified by the broader regulatory trajectory surrounding biometric technologies. Worldwide, the governance of biometric data is moving toward stricter informed consent standards, tighter data minimization requirements, mandatory transparency around storage and deletion practices, and heightened penalties for misuse. Incentive-based biometric collection, particularly involving economically vulnerable populations, is facing increasing scrutiny. World operates at the intersection of nearly all these areas of concern and has already triggered decisive responses from regulators. Unlike crypto financial regulation,

which is still emerging in many regions, biometric privacy laws are well-established, aggressively enforced, and typically resistant to compromise.

Finally, even if World were to achieve regulatory compliance in certain jurisdictions, the benefits to WLD are limited. World ID does not require WLD for verification, the World App primarily utilizes stablecoins for transactions, and user engagement does not produce structural token demand. Regulatory clarity may help the protocol, but it does not create a use case for WLD. In contrast, regulatory pressure directly harms both protocol operations and token distribution. This creates a critical asymmetry: regulatory success does not strengthen WLD, but regulatory failure directly weakens it. Given the direction of global biometric policy, intensifying regulatory scrutiny remains one of the strongest catalysts for continued downside in the WLD token.

6 Investment Proposal

We are advising a **short position in the Worldcoin (WLD) token**. This recommendation is based on structural token-design issues, continued dilution from scheduled emissions, and regulatory pressure that directly impacts token distribution. WLD's circulating supply increases independently of demand, and the Price \times DAU and Price \times Circulating Supply datasets show that adoption cycles coincide with increased selling rather than token appreciation. For this reason, a short position over a 6–12 month horizon offers an opportunity to capitalize on continued downward repricing as emissions accelerate and regulatory restrictions limit on-boarding.

A suitable approach is to initiate a short position at current prices and scale into additional exposure only if short-term market sentiment temporarily lifts the token. Due to the inherent volatility of crypto assets, risk should be managed through position sizing and monitoring regulatory developments that may introduce short-term narrative-driven rallies. (Case modeling in Table 1, Appendix)

Bull Case (20%)

In this scenario, World regains limited regulatory footing and experiences short-term sentiment boosts tied to AI-driven narratives or major integration announcements. Even under optimistic conditions, WLD's utility constraints and optional role within the protocol limit upside potential. Regulatory approvals may restore onboarding but do not create native token demand, resulting in only a modest rebound. We assign a 20% probability to this outcome.

Base Case (55%)

WLD continues to follow its current trajectory: circulating supply expands steadily, regulatory challenges slow onboarding, and user-driven distributions maintain persistent sell pressure. Traction on the identity layer does not translate into token demand, and the lack of required token utility prevents sustainable price appreciation. As emissions accelerate, market repricing pushes WLD toward the 0.30–0.40 range. This represents the most likely scenario.

Bear Case (25%)

Under increasingly strict regulatory environments, particularly in jurisdictions skeptical of biometric data collection, World's onboarding funnels contract further, token distributions slow, and price compression accelerates. With fewer new recipients to absorb sell pressure and no structural token sinks, WLD revisits extreme lows near \$0.10. This possibility carries a 25% probability due to the combination of dilution mechanics and regulatory headwinds.

7 Conclusion

Worldcoin occupies a significant position in the emerging proof-of-personhood landscape, but its token, WLD, remains structurally disconnected from the protocol's growth. The data shows that increased adoption expands circulating supply without generating demand, reinforcing a persistent pattern where distribution-driven selling outweighs any positive market sentiment. Regulatory interventions further constrain onboarding and deepen this imbalance by directly disrupting the only mechanism through which new holders enter the market. With emissions continuing, token utility limited, and protocol success failing to translate into token appreciation, WLD's long-term outlook remains defined by dilution and regulatory friction. Given these structural dynamics, WLD is unlikely to sustain value under its current design, supporting the recommendation of a short position.

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9 Appendix

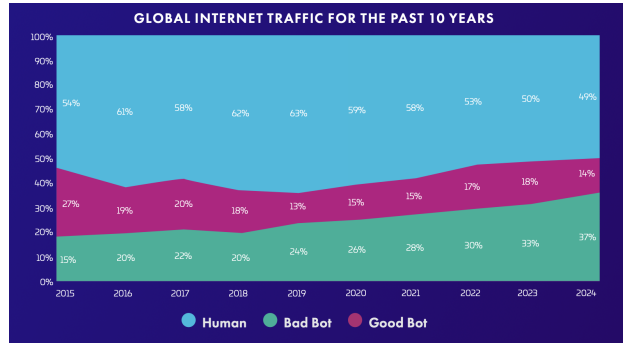


Figure 1: Amount of Bot Traffic on the Internet

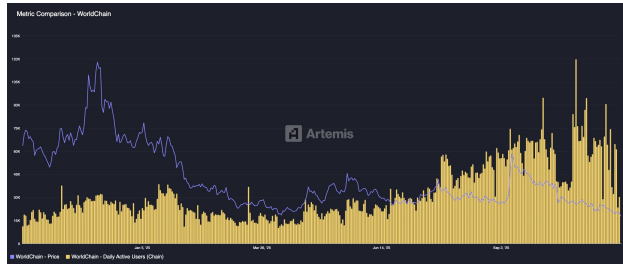


Figure 2: Price x Daily Active Users

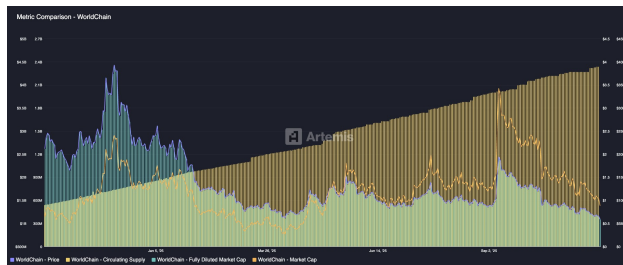


Figure 3: Price x Market Cap x Circulating Supply

Table 1: Case Modeling — Worldcoin (WLD)

Case	Market Cap	Price	Probability
Bull	\$1.8B	~ \$0.80	20%
Base	\$900M	~ \$0.40	55%
Bear	\$300M	~ \$0.13	25%
Current	~ \$1.4B	~ \$0.61	N/A