



Bet on a Banking Revolution and Buy These 2 Stocks

Description

Major banks have focused on mitigating potential losses as financial technology companies have emerged as challengers in this century. A PwC Global Fintech Survey in 2016 revealed that 73% of financial sector executives surveyed said they perceived consumer banking as the one most likely to be disrupted by FinTech. Canada's top banks have responded by investing in their online technology infrastructure.

In its most recent earnings report, **Canadian Imperial Bank of Commerce** [adjusted its full-year profit outlook downward](#), largely due to the burden it has incurred from its investment in technology. This will dip into cash reserves of Canada's major banks, but it is a worthwhile investment for the future. FinTech companies have acknowledged steps taken by major banks and are branching out offerings in order to sustain growth.

GoldMoney ([TSX:XAU](#)) is a Toronto-based FinTech company that operates a gold based financial platform. Shares have climbed 22.6% in 2019 as of close on June 12. However, the stock has slipped 11% over the past three months.

In March, GoldMoney made the surprising decision to withdraw from the cryptocurrency business. At one point, bitcoin and cryptocurrency transactions outpaced precious metals trading on its platform. However, tightening regulations on the crypto market and falling prices has led to several companies to shift away from digital currencies. Bitcoin has staged an enormous rally in the late spring, but GoldMoney is digging in its heels.

Founder Ray Sebag recently called bitcoin's versatility into question, at least in comparison to gold. The yellow metal has also enjoyed a rally in May and June in the face of global volatility. Central banks are eyeing rate cuts as global turbulence re-emerges, so a company like GoldMoney is certainly worth a look. Shares currently boast a forward P/E of 8 which makes it a solid value play relative to industry.

MOGO Finance ([TSX:MOGO](#))([NASDAQ:MOGO](#)) is a Vancouver-based company that offers consumer FinTech platforms that cater specifically to millennials. Shares of Mogo have climbed 55% in 2019 so far. The stock is up 30% from the prior year. In May I [suggested that investors should consider buying Mogo](#)

after a solid first-quarter earnings report.

One of Mogo's most intriguing offerings is its free credit check to customers. Canadian consumers are some of the most indebted in the developed world, and tightening rates have intensified this burden. Recent reports have revealed that Millennials have higher debt than previous generations at this stage of their lives. This environment will drive Millennials to financial services providers that are equipped to serve their various needs.

Unlike GoldMoney, Mogo has not given up on its bitcoin and cryptocurrency offerings. Shares hit a three-year high in late 2017 in the middle of the massive bitcoin and crypto bull run that capped off the year. Cryptos have recaptured momentum in the middle of 2019, which bodes well for Mogo going forward. Mogo stock has rallied post-earnings and may be poised to challenge 52-week highs this summer.

CATEGORY

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2. Investing

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1. TSX:XAU (Goldmoney Inc.)

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