



Bargain Hunters: Target This 2015 FinTech IPO

Description

At the beginning of this decade, big banks were reeling from the effects of the biggest financial crisis since the Great Depression. Consumer trust in banks had plummeted, and this opened the door for alternatives. By the middle part of the decade, financial technology companies had emerged to pose a legitimate challenge to banks in key areas. These companies could never rival the massive infrastructure of big banks, but they could offer lower fees and flexible lending rates.

Mogo ([TSX:MOGO](#))([NASDAQ:MOGO](#)) is a Vancouver-based FinTech start-up that was founded in 2003. It launched its initial public offering on the TSX in June 2015. Mogo stock has boasted average annual returns of 29% over a three-year period at the time of this writing. Shares have climbed 27% in 2019, but the stock is down 17% over the past month.

The stock hit a 52-week high in early May. Mogo generated enthusiasm with its acquisition of Difference Capital. The move immediately gave Mogo access to \$9-10 million in cash and control of Difference's portfolio of investments.

Mogo's first-quarter 2019 results provided more good news for the company. Core revenue rose 57% year over year to \$16.4 million, as subscription and services revenue surged 68% to \$8.3 million. Mogo has worked to expand its offerings, branching out to include features like Cashback on its MogoCard. This helped boost active members 34% year over year to 808,000 by the end of the quarter.

Financial technology companies like Mogo have acknowledged that they cannot compete with the massive investments larger banks are making in the technology space. Earlier in the decade, Mogo and other FinTech companies could offer a more dynamic mobile experience, but big investments by banks have eaten into this advantage. Instead, FinTech companies are moving to [bolster advantages](#) in other areas.

Mogo moved into the cryptocurrency space in the first quarter of 2018. At the time, the price of Bitcoin and other top cryptos like Ethereum were skyrocketing. However, crypto would soon succumb to regulatory pressure. Other FinTech companies like **GoldMoney** have moved away from it, but Mogo has continued to offer a Bitcoin wallet. The company aims to cater to a millennial demographic. It offers

a free credit report through **Equifax** for users who sign up for an account.

Is Mogo worth buying today?

Back in May I'd warned investors that Mogo looked pricey after [enjoying a run-up](#) following its acquisition of Difference Capital. Shares have been hit with turbulence in the summer and are now priced below \$4 for the first time since April. Investors can expect to see its second-quarter earnings release in early August.

Mogo stock had an RSI of 41 as of early afternoon trading on July 29, putting it outside technically oversold territory. I still like Mogo after the spring cash injection, and it looks like a buy priced below the \$4 mark.

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