



2 Little-Known Stocks to Bet on the Imminent Blockchain Boom

Description

Bitcoin is all the rage — again. As the cryptocurrency bubble deflates once again, many late-to-the-party speculators will be left holding the bag.

As someone wise once said, “Fool me once, shame on you. Fool me twice, shame on me.”

As Bitcoin and all the other “worthless” tokens plunge in price again, while **Facebook’s** Libra euphoria fades away with every negative comment spoken of by regulators, pundits, and other smart folks, investors would be wise to look to non-pure plays for their crypto exposure.

There’s no question that cryptocurrencies and blockchain, the underlying technology, hold tremendous promise. Today’s seemingly endless lineup of unbacked coins, ranging from Bitcoin to Dogecoin, however, probably aren’t the one currency to rule them all come a few decades’ time.

In fact, a majority (if not all) the coins today may cease to exist, as did many tech startups during the peak of the dot-com boom. Of course, a few firms made it through the dot-com crash alive, but in the case of cryptocurrencies, I think it will be a well-established and trusted behemoth with deep pockets and enough influence to convince regulators it can proactively deal with any issues that arise from cryptocurrencies, most notably illicit use by criminals.

While most investors are looking to tech firms to create the “one cryptocurrency to rule them all,” I’m looking towards the banks. They’re the “fin” of fintech, and I believe investors are discounting their innovative capabilities, especially now that banks are slowly evolving into technology companies.

Moreover, blockchain is capable of a lot more than just the creation of a single global currency. The applications span many fields, from gaming to credit scoring, and everything in between.

Without further ado, here are two top banks that are potentially solid indirect plays on the applications of blockchain.

Royal Bank of Canada

Royal Bank of Canada ([TSX:RY](#))([NYSE:RY](#)) may be the best way to play blockchain safely, and it's hiding in plain sight. Best of all, it's not a speculation but a rock-solid blue-chip with a generous and growing dividend (which currently yields 3.9%).

Despite being an "old" bank, it hasn't shied away from innovative technologies.

Fellow Fool Ambrose O' Callaghan recently [shed light](#) on the fact that the bank had filed a patent for a technology that "utilizes blockchain for its credit score platform," also noting of a \$30 million investment in a blockchain identification system.

While many established banking behemoths may find themselves in a blockchain-leveraging arms race over the coming decade, I am a fan of Royal's progress thus far on the tech front, and given the recent blockchain investments, I'm nothing short of encouraged in spite of the limited visibility on what incredible innovation that blockchain can help serve up next.

VersaBank

Up next, we've got **VersaBank** (TSX:VB), the digital-only bank that most Canadians have never heard of.

In prior pieces, I've noted that the bank was behind the VersaVault, one of the world's first cryptocurrency vaults, providing the perfect blend of trust and cutting-edge, potentially insecure digital assets.

VersaVault aimed to solve one of the numerous problems with owning digital tokens: "With VersaVault, those worried about their vanishing tokens will be able to have peace of mind," I said in a [prior piece](#). "A chartered bank securing your cryptocurrency assets sounds less shady than trusting your assets with some random platform that may not be there in a week from now."

While there are still numerous problems that VersaBank may not be able to tackle, I think VersaBank's tech expertise is remarkable, and that may make the company an attractive takeover target, as digital-only banks intersect with the realm of digital currencies.

Don't underestimate the technical capabilities of the banks.

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Author

joefrenette

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