



3 Fintech Stocks That Can Double in 2021

Description

Fintech, or financial technology, is technology that aims to make financial processes easier, efficient, and profitable. Fintech companies develop software platforms, applications, as well as hardware solutions to achieve these goals.

Some of the top fintech companies in the world include **Square**, **Visa**, **PayPal**, and **MasterCard**. However, here we look at smaller players that have the potential to grow at a rapid pace and increase your wealth multi-fold over the long term.

Lightspeed POS stock is up 300% since March lows

The first stock on the list is **Lightspeed POS** ([TSX:LSPD](#))([NYSE:LSPD](#)), one of the largest fintech companies in Canada. Lightspeed stock has gained more than 300% since bottoming out in March this year. The company provides software solutions to small and medium businesses all over the world.

It helps SMB's in over 100 countries to increase customer engagement, manage operations, and accept payments. In the first quarter of fiscal 2021, LSPD increased sales by 51% year over year and has processed \$23 billion in the last 12 months in gross transactions on its platform.

LSPD generates over 90% of sales from recurring subscriptions and is one of the leading cloud-based omnichannel platforms that power SMBs. In Q1 of 2021, LSPD increased customer locations by 51% year over year to 77,000, while monthly average revenue per user was up 15% at \$230.

A recent fintech IPO

Another Canadian fintech company is **Nuvei** ([TSX:NVEI](#)), a stock that recently went public [after it raised](#) US\$833 million in its IPO. Nuvei has processed over \$35 billion in transactions on its platform and supports 50,000 businesses.

In the second quarter of 2020, the company increased sales by 63.6% to \$82.6 million, while its

operating profit stood at \$15.7 million, which was significantly higher than its operating profit of \$11.3 million for 2019.

This means the company's operating margin rose from 4.6% in 2019 to a healthy 19% in the June quarter, indicating strong operating leverage. While LSPD is still reporting an operating loss, Nuvei is already increasing its bottom line at a stellar pace.

Nuvei stock is trading at a market cap of \$6.9 billion, which means it has a trailing price-to-sales multiple of 28, indicating sky-high valuations. However, its earnings expansion and robust revenue growth make it a solid long-term buy.

A Warren Buffett buy

Another high-growth fintech company is Brazilian-based **StoneCo** (TSX:STNE). It is one of the fastest-growing stocks in Warren Buffett's portfolio. **Berkshire Hathaway** [owns 14.2 million shares of StoneCo](#) worth around US\$850 million.

Similar to other companies on this list, StoneCo is also trading at a premium with a forward price-to-earnings multiple of 111 and a price-to-sales multiple of 33.

In Q2, StoneCo managed to increase total processing volume by 27.9% year over year, while revenue growth was 13.8%. Though credit cards and digital payments are commonplace in developed markets of North America and Europe, there is significant growth potential in Latin American regions, where StoneCo has an established presence.

The Foolish takeaway

All three stocks here are part of rapidly expanding addressable markets. These fintech platforms help to democratize financial services and make it cheaper and convenient to perform financial tasks and accelerate digital transformation.

The fintech industry is evolving at a rapid pace, and card payments are forecast to touch US\$45 trillion by 2025, making LSPD and peers top bets right now.

CATEGORY

1. Investing
2. Tech Stocks

TICKERS GLOBAL

1. NASDAQ:STNE (StoneCo Ltd.)
2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:NVEI (Nuvei Corporation)

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