



Why Is Banxa (TSXV:BNXA) Stock up 170% in 2 Weeks?

Description

A little-known stock on the Toronto Venture Exchange has been skyrocketing. Based on its valuation and investor sentiment about its sector, the stock could surge much higher in the months ahead. Here's a closer look at **Banxa Holdings** ([TSXV:BNXA](#)) and its 170% spike over the past two weeks.

Bitcoin payments

Banxa Holdings is a payment processor for popular cryptocurrencies. Essentially, it's a platform that lets users convert their fiat currencies into crypto. Banxa is already integrated in some of the biggest crypto enterprises, such as Binance, ShapeShift, Trezor, and Abra.

This service is absolutely essential and tightly regulated. There aren't a lot of startups that can verify identity and allow users to pay for cryptocurrencies using regular credit cards and Interac e-transfer. In fact, Banxa dominates the crypto payment gateway in Canada and Australia and is quickly expanding to more territories.

In most countries, late adopters of cryptocurrencies find it difficult to use the technology. Buying your first BTC or ETH is usually a complicated process. Banxa simplifies it by connecting the crypto world to regular payment methods with universal acceptance.

Meanwhile, the rising value of Bitcoin and Ether is boosting the value of transactions flowing through Banxa. As cryptocurrencies gain more traction and demand from users, the company could benefit from higher transaction volumes and revenue.

Banxa stock valuation

In late February, Banxa was worth less than \$100 million. However, the company had already reported \$195 million in transaction volume over a six-month period ending in December 2020. The company also reported \$15 million in estimated revenue, \$12.8 million in cash and current assets, along with 136 Bitcoins (worth \$8.2 million) in inventory at the end of 2020.

Based on those numbers, [Banxa stock was undervalued](#). This is why it caught the attention of investors. Since February 23, the stock has surged 170%. It was up 44% on Wednesday alone!

On Monday, Banxa reported a 980% jump in monthly total transaction value. The platform processed \$70.4 million over the course of February 2020. If demand for and the value of Bitcoin continues to rise, transaction volume could be much higher by the end of the year.

Banxa is currently worth \$234 million. It is, admittedly, a speculative stock in a speculative industry. But deploying a small portion of your portfolio to a stock with such hyper-growth potential doesn't seem outlandish, given the market's momentum and investor sentiment.

Bottom line

After listing just a few months ago, Banxa stock has outperformed most other tech companies on the Canadian stock market. The stock is up 170% from late February. It's currently trading at an all-time high.

Despite this runup, the stock seems fairly valued. Transaction volume is rapidly expanding, which makes the platform more lucrative. Banxa could be the ideal proxy for Bitcoin adoption in the years ahead. As revenue accelerates, the stock could climb much higher. Keep an eye on this.

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