



This Is Why Nuvei (TSX:NVEI) Is Poised to Win

Description

Nuvei (TSX:NVEI) has been a star since its first day of trading when it closed the [largest tech Initial Public Offering \(IPO\)](#) in Canadian history. This year, the payments processor has continued its strong performance, gaining nearly 16% in value. This sustained market outperformance has kept investors very interested in the stock. It may be only a matter of time before Nuvei stock joins the likes of **Shopify** and **Lightspeed** as favourites among American institutional investors.

In this article, I will discuss why Nuvei is poised to win.

The investment opportunity

Digital payments are becoming more commonly used as the world continues to shift toward an increasingly digitized society. This market is defined by consumer transactions that are made online, including those made via smartphone apps. In 2019, global transactions using mobile apps, eWallets, social media, and websites totalled \$3.4 trillion. It is expected that the digital payment market will grow to \$8 trillion by 2024.

Examples of catalysts that will help drive the adoption of digital payments include the adoption of e-commerce and legislation allowing participation in social betting. Companies that help facilitate this shift away from cash are sure to see massive growth in the coming years.

From 2017 to 2019, the number of eWallet users worldwide increased from 500 million to 2.1 billion. We may see the rate of adoption continue to climb in the coming years. Studies have found that millennials account for 35% of all eWallet users. In addition, western society has not yet widely adopted eWallets.

Indeed, 70% of all eWallet users are found in China, while Africa and the Middle East account for 12%. Once we see increased adoption in Europe and the Americas, companies like Nuvei could see a drastic rise in processed payment volume.

On a per-user basis, consumers transacted an average of \$1,097 via digital payment streams

worldwide. By 2024, the increased global adoption of digital payments is expected to cause the annual transaction volume per user to rise to \$2,253, further demonstrates the potential growth that could be experienced by companies such as Nuvei.

How will Nuvei become a winning stock?

Nuvei's growth strategy moving forward will rely on four pillars. First, the [company intends to grow](#) with its merchants. Nuvei believes that its offerings are "sticky," persuading merchants to increase the number of solutions they use as they experience success after using Nuvei's products.

Second, Nuvei plans to continue onboarding new customers in existing and new geographic regions. Currently, the company's small- and medium-sized businesses are concentrated in North America, whereas its large enterprise customers are found in Europe. The company intends on targeting merchants to feature a more even distribution of business classes globally.

Third, Nuvei intends on remaining dedicated to being an innovator within the fintech space. The company hopes that the continued development of its offerings will allow it to maintain its position as a leading provider of global payments solutions.

Finally, Nuvei will pursue strategic acquisitions. The company will target businesses that strengthen Nuvei's existing solutions. The company believes that its presence can be significantly increased within existing markets and across its many served verticals.

Using a smart capital allocation strategy, Nuvei should be able to add new resources which will expand its global reach.

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