



## Millionaire Maker: Buy and Hold Nuvei (TSX:NVEI) Stock

### Description

The payment-processing industry is booming thanks to exploding e-commerce. It is attracting fintech players across the globe. One such Canadian company that launched its initial public offering (IPO) last year is **Nuvei** ([TSX:NVEI](#)). In just nine months, the stock surged 110% and entered the S&P/TSX Composite Index. Could this new entrant be your companion in your journey to be a millionaire? Read ahead to know the investing case of Nuvei.

### Nuvei's business case

Nuvei is based on a native commerce platform. It helps merchants make pay-in and pay-out transactions across 200 markets in about 150 currencies and 40 cryptocurrencies. It has over 470 local and alternative payment methods (APMs), like plastic cards and payment apps. Merchants can use Nuvei's services in various payment nodes like mobile/in-app, e-commerce platforms, unattended vending machines, and in-store point of sales (POS).

Nuvei earns revenue by charging a fixed fee for the gateway and a transaction processing fee. The company's revenue will grow if the transaction volume and the number of merchants using the platform increase. It has adopted a three-pronged approach to grow its revenue:

- Tap merchants in transaction-heavy verticals like online retail and e-commerce, online gaming, digital goods, travel, and regulated financial services.
- Expand its payment services in new geographies.
- Add more APMs to its platforms.

Nuvei is expanding on all three aspects organically and through acquisitions. For instance,

- Mazooma's acquisition gave Nuvei access to 11,000 U.S financial institutions.
- SimplexCC added +50 cryptocurrencies to Nuvei platform.

## Nuvei's growth drivers

Last year, Nuvei had to its disposal the growing e-commerce market. The contribution of e-commerce to its total transaction volume increase to about 87% in the first quarter compared to about 72% last year. This drove its total volume up 132% and revenue up 80% in the first quarter. The company expects its volume to double and revenue to surge 66.5% in fiscal 2021.

I believe Nuvei's exposure to high-growth industries like e-commerce and eSports presents a growth opportunity for the foreseeable future. It will also benefit if the cryptocurrency boom finally picks up.

MarketsandMarkets [expects](#) the global payment processing solutions market to grow at a compounded annual rate of 10.2% between 2020 and 2025. This growth will be driven by increasing internet penetration, e-commerce sales, and growing acceptance of contactless payments globally.

## Should Nuvei stock be a part of your portfolio?

However, you cannot look at a company in isolation. There are bigger players like **Fiserv** and **Square** operating in larger markets. Then e-commerce players like **Lightspeed POS** and **Shopify** are coming up with their [own payments platform](#). They are encouraging merchants on their platform to use their payment services.

One concern I have for Nuvei is its not-so-favourable customer review. Its high early termination fee, independent sales agents that cut off direct contact between merchants and the company, an expensive processing equipment lease, and a fee to access advance reporting that doesn't go well with customers.

## Bottom line

You can't deny the fact Nuvei is on the path of high growth. It is in the right business at the right time. Yes, there are competitive risks, but the stock rewards you with higher returns. If Nuvei succeeds to gain market share and make its product sticky, the stock can double or even triple your money in the next three to five years. And if it fails to maintain growth, it could become a potential acquisition target.

Its rewards outweigh its risks. Hence, it deserves a spot in your portfolio that's targeted at wealth creation.

### CATEGORY

1. Investing

### TICKERS GLOBAL

1. TSX:NVEI (Nuvei Corporation)

### PARTNER-FEEDS

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