



Why Banxa (TSXV:BNXA) Stock Is up 44% This Week!

Description

Little-known cryptocurrency payment provider **Banxa Holdings** ([TSXV:BNXA](#)) has been overlooked, despite last year's bull market. Now, investors seem to be finally catching on, which is why Banxa stock is up 44% in just the past five days. Here's a closer look at this fascinating [small-cap, hyper-growth opportunity](#).

Crypto payments

Digital assets like Bitcoin and Ethereum have become somewhat mainstream over the past year. Bitcoin is up 240% while Ether is up 814% over the past 12 months. The entire crypto assets ecosystem is now worth US\$1.5 trillion, making it one of the largest industries in the world.

Users in this sector need an "on-ramp" — a platform that converts fiat currencies into cryptocurrencies. For regulatory reasons, most major crypto companies can't accept most fiat currencies. That's where Banxa comes in.

Banxa's corporate partners like Binance, Abra, and Ledger use the platform to accept fiat currencies through credit cards, Interac e-transfers, bank transfers, or **Apple Pay**. The company handles all the Know Your Customer (KYC) and Anti-Money Laundering (AML) procedures, so its corporate partners don't have to. In return, it earns a fee on all the transactions.

Banxa's position as a regulated on- and off-ramp make it a gatekeeper to the crypto world. That's a lucrative business model that should expand as more companies and investors adopt cryptoassets.

Banxa stock

Unsurprisingly, Banxa stock's performance is closely correlated to the market value of major cryptocurrencies. The stock is up 128% year to date and reached an all-time high of \$8.2 in March 2021, around the time Bitcoin was trading at roughly \$72,000. Since then, cryptocurrencies have pulled back, and Banxa stock has lost over half its value.

However, investors may have overlooked the fact that Banxa's fundamentals are based on transaction volume, not just market value. If users are selling their crypto and pivoting back to fiat, Banxa's payment processor is needed to complete the transaction. In other words, the company earns a cut, even when the market collapses.

Over the past week, cryptoassets have rebounded strongly. Bitcoin has jumped 20% from Saturday. Ether is up 29% over the same period. That's probably why Banxa stock has surged 44% since Friday last week.

Bottom line

Banxa's business model puts it in a unique position. When adoption of cryptocurrencies is expanding, it earns higher fees on transactions. When the market is collapsing, and investors are fleeing to fiat, the fees offset some of the loss in crypto asset value. In other words, Banxa earns on both sides of the trade.

This unique market position makes Banxa one of the most interesting opportunities in the crypto asset industry. At the moment, the stock is trading at roughly half its all-time high. It's also trading at just about 10 times cash on hand and 2.4 times forward annual revenue. In short, it's a fairly valued bet in an immensely lucrative industry. Keep an eye on it.

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