



Forget Lightspeed (TSX:LSPD): This Fintech Stock Is Better

Description

Lightspeed POS ([TSX:LSPD](#))([NYSE:LSPD](#)) has had a phenomenal run. Investors who'd bought the stock in March 2020, at the height of the pandemic panic, are now sitting on a roughly 10-fold return. That's because the company pivoted to online shopping just before the e-commerce boom took off.

However, now it faces a slower growth trajectory and the law of large numbers. Meanwhile, smaller rivals like **Mogo** ([TSX:MOGO](#))([NASDAQ:MOGO](#)) have adopted different [growth strategies to expand faster](#). Here's a closer look.

Mogo vs. Lightspeed

Mogo is one of the best-performing stocks in the booming fintech industry. While the stock has pulled back significantly from all-time highs, it is still up by more than 50% year to date. The fintech stock has posted a +600% share growth over the past year, which is on par with Lightspeed's return over the same period.

However, Mogo is a much smaller company (worth just \$470 million), while Lightspeed is already a \$15 billion juggernaut. Mogo simply has more room to grow in the vast (but competitive) online payments sector.

Mogo's core business

The company's success stems from its ability to attract more [millennials](#). In addition, the company boasts of exposure in the cryptocurrency sector, an area behind a spike in its valuation early in the year, as cryptocurrencies raced to record highs.

Management has already affirmed plans to make Mogo the most comprehensive digital wallet for Canadians. An investment in Coinsquare has expanded the company's offerings with the introduction of MogoCrypto that supplements MogoSpend, MogoMoney, and MogoMortgage.

Cryptocurrency exposure

Its offerings are designed to help people learn how to invest, take loans, build savings, and create a digital wallet. The [Coinsquare investment](#) provides a channel for Mogo to encourage users to invest in the burgeoning cryptocurrency industry.

Unlike Mogo, Lightspeed doesn't have any exposure to this industry. Without a foothold in the digital assets sector, Lightspeed's growth could fall behind its rivals.

Financials

In the most recent quarter, the company posted a 32% year-over-year increase in revenues. That's despite a sharp plunge in the value of Bitcoin and other cryptocurrencies. In other words, the company is growing organically, even when the crypto sector falters.

Mogo is by no means cheap; the stock is trading with a price-to-sales multiple of 20 and a price-to-book multiple of three. However, those valuation metrics are much better than its larger rival. Lightspeed currently trades at a price-to-sales multiple of 67 and a price-to-book ratio of 7.45.

Bottom line

Lightspeed POS has been an excellent investment for those who got in early. However, the company's growth is likely to slow down, as e-commerce adoption rates steady and incremental value becomes more challenging. Meanwhile, its smaller rival Mogo has more room to grow given its smaller footprint and exposure to crypto. This little-known payment company is also trading at a fairer valuation.

Keep an eye on this under-the-radar opportunity.

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2. NYSE:LSPD (Lightspeed Commerce)
3. TSX:LSPD (Lightspeed Commerce)
4. TSX:MOGO (Mogo Inc.)

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