



Why Banxa (TSXV:BNXA) Stock Is up 42% in 3 Weeks

Description

Crypto payment processor **Banxa Holdings** ([TSXV:BNXA](#)) has had an incredible run recently. [Banxa stock](#) is up roughly 42% in less than three weeks. While the stock is still a long way off from its all-time high, this recent performance seems to indicate a swift rebound.

Here's why the crypto stock is surging and why investors should consider adding this underrated stock to their watch list.

Bitcoin is surging again

Banxa's fortunes are tethered to the adoption of Bitcoin. Bitcoin is the world's most popular digital asset at the moment. It tends to get more attention when its value appreciates sharply, which has happened since mid-2021.

Each token is trading at US\$64,000, within striking distance of its all-time high. The combined value of all BTC in circulation is around US\$1.2 trillion. If you had bought Bitcoin in late July, your investment would have jumped 116% by now. No other asset on this scale appreciates that quickly.

This scale and performance tend to attract more users. Greater adoption and public awareness of digital assets is good news for Banxa, which is a regulated gateway for new users to convert their fiat currencies into cryptocurrencies.

Transaction volumes are climbing

Bitcoin's success permeates the digital assets sector. Most other cryptocurrencies, also known as altcoins, are highly correlated to BTC. When BTC's value surges, trading activity in these lesser-known altcoins also accelerates.

Higher trading activity translates to better transaction volumes and better revenues for Banxa. The rising level of crypto transactions in recent months is one of the reasons Banxa stock is rebounding

sharply.

Robust earnings

In August, Banxa published robust earnings for the most recent fiscal year. Total transaction volume was up 755% year over year, up to C\$687 million or C\$635 million. The number of corporate clients expanded from 48 to 66, while cash and cash equivalents surged to \$22.2 million over the same period.

This surge in corporate clients and transaction volume was recorded despite a slump in the crypto market during the last few months of the fiscal year. Investors now expect this trend to continue if BTC and other cryptos remain buoyant.

Meanwhile, Banxa's valuation has dropped significantly. The stock is trading 47% lower than its all-time high. Its market capitalization is \$176 million, while the company reported \$42 million in revenue. That implies a price-to-sales ratio of 4.2.

Bottom line

Banxa stock lost nearly 80% of its value in a matter of months. However, better-than-expected earnings and a sudden surge in Bitcoin's value have turned things around. Banxa stock is up 42% in less than three weeks. However, it's still 47% away from its all-time high.

If the digital assets retain their value and transaction volumes remain elevated, Banxa stock could surge higher. This could be an opportunity for long-term tech investors. Add Banxa stock to your watch list for the months ahead.

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