



2 Tech Stocks That Benefit From the Decline of Crypto

Description

The cryptocurrency boom is over. **Bitcoin** ([CRYPTO:BTC](#)) has lost 70% of its value since November last year. Other cryptocurrencies have lost even more. In fact, some service providers and lenders in the industry are on the verge of bankruptcy.

The bear market has been painful for new investors who entered the market late. There's no way to say if this decline is permanent or another phase of the crypto cycle. However, the decline of the sector has created opportunities for other tech and financial companies to plug the gap.

Here are the top two stocks that benefit from the decline of cryptocurrencies.

Payment processor stock

Cryptocurrencies were designed to be peer-to-peer payment networks. Bitcoin's core promise was a decentralized way to transact with anyone, anywhere for minimal costs. However, the decline in this sector's value has slowed down adoption.

Traditional payment companies like **Lightspeed** ([TSX:LSPD](#))([NYSE:LSPD](#)) could plug the gap. Digital payment networks and point-of-sale payment processing are much more appealing for most merchants.

Lightspeed saw significant adoption during the pandemic, but some of its markets was captured by crypto payment companies and FinTech startups. Now that some of its competitors are going out of business, Lightspeed could have more room to grow.

The company is also well positioned for the current economic climate. Merchants raise prices during periods of inflation, which could lead to higher transaction volumes for Lightspeed. Meanwhile, the stock has lost 81% of its value, so it's much cheaper than it used to be. This could be a bargain opportunity for long-term investors.

Financial services

Decentralized financial tools enabled people to borrow and lend on crypto networks. Some of these tools were obvious scams (promising yields of 10,000% or more). But others were just blockchain-enabled versions of peer-to-peer lending systems. These tools could face challenges as the underlying assets lose value.

Traditional lenders like **goeasy** ([TSX:GSY](#)) could plug the gap. The company offers loans and mortgages to borrowers who are new to the country or have a less-than-ideal credit history. Rates on these loans are higher than average.

In 2022, goeasy could see a jump in net income. Rising interest rates should allow the lender to raise its lending rate to subprime borrowers. Now that the company doesn't have to compete with DeFi networks, it could have more room to expand its market share.

Currently trading at 11 times earnings per share, goeasy is cheaper than traditional financial institutions. Long-term investors should add this growth stock to their watch list.

Bottom line

The cryptocurrency market has entered a cold winter. The sector's valuation has been cut in half, while some companies are on the verge of bankruptcy. This creates opportunities for traditional financial service providers like Lightspeed and goeasy. Investors who are skeptical of cryptocurrencies could bet on these traditional rivals.

CATEGORY

1. Cryptocurrency
2. Investing

TICKERS GLOBAL

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2. TSX:GSY (goeasy Ltd.)
3. TSX:LSPD (Lightspeed Commerce)

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