

Should you invest in these 3 ASX fintech stars?

James Mickleboro | June 14, 2017



Arguably one of the most exciting industries to invest in at present is the financial technology or *fintech* industry.

A good number of companies have emerged in the last few years, aiming to disrupt the lucrative financial industry.

Three fledgling companies which I believe have accomplished this are listed below. Should you invest in them today?

Afterpay Holdings Ltd (ASX: AFY)

Afterpay has shaken up the retail industry with its buy now, pay later platform. A recent update from the fintech company revealed that its platform had been so popular with both retailers and consumers that its annualised underlying sales are estimated to be greater than \$1 billion. If Afterpay can stay clear of bad debts then I believe it could prove to be a fantastic long-term investment.

EML Payments Ltd (ASX: EML)

EML Payments is a fast-growing provider of prepaid card and virtual payments. Thanks to its 800 programs across North America, Europe and Australia, EML generated approximately \$460 million of gross debit volume (GDV) in both March and April of this year. Based on these figures the company has an annual run rate of \$5.5 billion. Furthermore, a move into the salary packaging industry is expected to boost GDV by \$750 million next year.

A rough estimate by management reveals that \$100 million in GDV will translate to \$1 million in revenue at a 90% gross margin. This is certainly a company to watch in my opinion.

XERO FPO NZX (ASX: XRO)

This provider of cloud-based accounting software for small to medium enterprises recently surpassed the one million subscriber mark. Despite this impressive statistic, I believe there is still significant room for the company to grow globally. Especially in the lucrative U.S. market where it has yet to gain a meaningful share of the market. While competition is fierce, I believe the quality of the Xero product puts it in a strong position moving forward. In my opinion Xero would be a great long-term buy and hold investment.

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