

Are these 3 ASX shares Australia's next fintech stars?

By [James Mickleboro](#) - October 6, 2016 |

Financial technology, or “fintech”, is one area of the market which I believe has extremely strong growth potential over the next few years.

Whilst fintech companies such as **Class Ltd** (ASX: CL1) and **GBST Holdings Limited** (ASX: GBT) have deservedly gained a lot of attention due to their impressive growth, the three fintech shares below may be flying under the radar for some investors.

Could one of these be Australia's next fintech star?

Afterpay Holdings Ltd (ASX: AFY)

Afterpay provides retailers with the option to allow their customers to buy goods now, but pay for them later without interest or fees. The company takes a small percentage of the sale in exchange for bearing its default risk. With both consumers and retailers embracing the service, I believe Afterpay has a bright future. The service initially started online, but has now expanded into bricks-and-mortar stores in recent months. According to management, the early results have been encouraging. As long as Afterpay is able to keep its net transaction loss rates low, then I expect the company will become profitable as it scales.

ChimpChange Ltd (ASX: CCA)

ChimpChange is a digital banking business which aims to disrupt the US banking industry by providing consumers with an affordable and frictionless user experience. The innovative company hopes to attract the millennial market by providing banking with no monthly account fees. So far things are looking promising, with the total customer accounts on its digital banking platform growing to over 100,000 in July. Disrupting the major US banks will be a hard task. But considering the recent **Wells Fargo** scandal, I wouldn't be surprised if some US consumers are becoming distrustful of the big players.

Emerchants Ltd (ASX: EML)

Emerchants provides prepaid debt card programs for consumers and businesses. Amongst its growing number of clients are the likes of Nimble, Ladbrokes, Sportsbet, and Pandora. At present, Emerchants operates in 13 countries and works with VISA, Mastercard, BPAY and Eftpos to deliver over 850 programs. I was very impressed with its **recent** full year results. The company posted a massive 61% jump in sales to \$23 million. I feel confident that Emerchants has positioned itself perfectly to continue this strong growth over the next few years. This could make it a great investment today.

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