eToro is now worth $10B, could The Portfolio Platform be next?

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The fintech world has been rocked this week with the news that eToro is due to be listed on the Nasdaq with a valuation of over $10bn.

In an announcement to their clients this week, Yoni Assia a Co-founder and CEO of eToro, beamed with satisfaction. Their vision of making 'trading simple and transparent' has paid off handsomely for their investors.

The startling revelation on their website though is that 67% of investors using eToro lose money. So how is this company worth over $10bn, when essentially what they're doing is parting people from their savings?

The answer is that retail investing has become incredibly popular and is growing every day, but most of those who are doing it, don't have any experience. The desire is there for investors to take control of their money and have a say in what happens to it. They are essentially paying for the thrill of investing and watching the outcome. But surely there is a better option than trying to be one of the 33%? Surely investors should be able to enjoy the thrill, AND make money?

This is exactly why many in the market have lately been turning to The Portfolio Platform as an alternative to eToro. They have a much stricter criteria that their traders, or trading teams, need to meet before being allowed to showcase their strategies; this undoubtedly leads to a better quality of trader. It is one of those rare occasions where more choice, isn't necessarily a good thing.

If they can now take the ever-increasing appetite for trading, harness it, and make it profitable for the end user, then this leads to the question of 'just how much will TPP be worth in 5 years' time?

Having said this, they are still in their infancy compared to eToro, and there is certainly work for them to do with regards to building market share, but the infrastructure is there, the quality of trader is there, and the market for it is most definitely there.

Where eToro have led, it is inevitable that younger and potentially more 'client friendly companies' will follow. Tech stocks as a whole have been the story of 2020, and companies like eToro seem to be in the right space at the right time in this 'tech led' world.They have to be commended for being ahead of the curve v's their competitors.

We have been watching this space for quite some time and the one thing we have always been a little wary of, is how beneficial some of these services have been for the user/investor. This is something The Portfolio Platform is addressing and we will continue to monitor their progress.

This article drafted back in October on The London Stock Exchange website, compares eToro to TPP.

TPP V eToro- You decide. Click here to view.

For further information on the eToro listing via Bloomberg, click here.

To visit eToro, click here.

To browse the strategies available on The Portfolio Platform, click here.

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