

Trading app eToro goes public via \$10.4 billion SPAC deal

Article

The UK-based trading app is merging with special purpose acquisition company (SPAC) FinTech Acquisition Corp. V to list on the NASDAQ once the transaction closes in Q3, and they will together be valued at \$10.4 billion, [per](#) its press release. The news lines up with Insider Intelligence's [expectations](#) from back in January. Founded in 2007, eToro enables users across the world to replicate other users' financial trading activity or manually trade stocks,

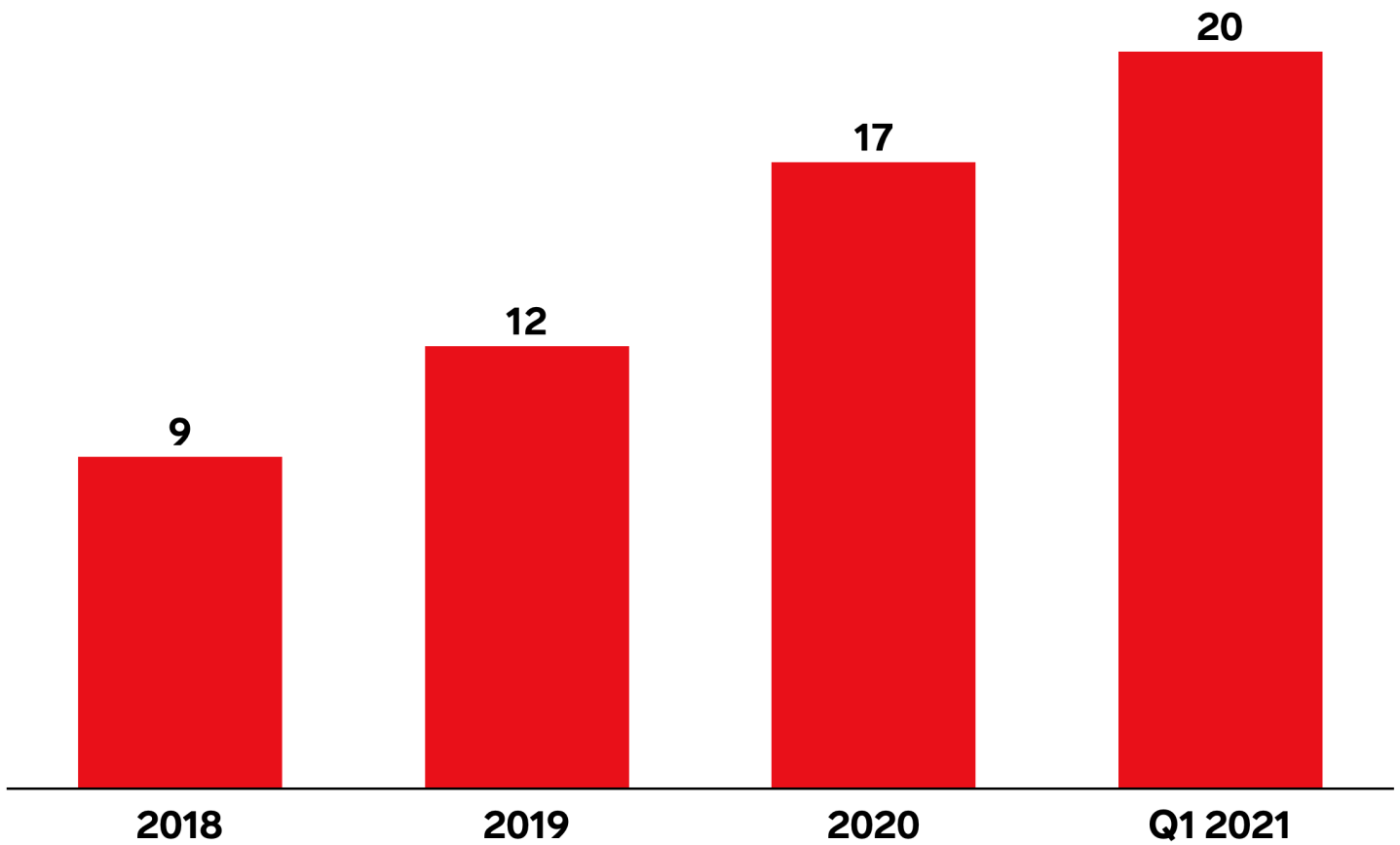
exchange-traded funds, and cryptocurrencies, among other assets. FinTech Acquisition Corp. V raised \$250,000,000 in its IPO in December.

The retail and crypto investing frenzy over the past year turbocharged eToro's growth, making it an irresistible acquisition. [Market volatility](#) and [lockdown](#) measures amid the pandemic encouraged consumers to [start](#) investing, with trading apps' slick interfaces and cheap services making it easier than ever. As a result, eToro added over 5 million new registered users in 2020, now reaching 20 million—making it one of the largest trading apps in the world. [Robinhood](#), for example, has around 13 million users. And eToro continued to break its record growth this year thanks to the [reddit-fueled](#) trading frenzy in January that accelerated user uptake for trading apps: That month, eToro added 1.2 million new users, almost triple its average monthly registration of 440,000 in 2020, per its press release. To top it all off, eToro enjoyed an influx of investors seeking to capitalize on cryptocurrencies' [soar](#) in value, stating that it hosted [61%](#) more unique Bitcoin holders on its platform in January than on the same date in 2020.

The SPAC deal should bolster eToro's expansion to the US and underscores the sector's maturation as other trading apps also eye going public. eToro expanded its [crypto trading](#) to the US in 2019 and now plans to launch stocks in H2 2021, per its press release. With the SPAC deal, eToro has significant resources to support this expansion, including \$800 million net cash on its balance sheet. However, it could be challenging to secure the same growth momentum because local retail investors already have a wide range of options, including Robinhood, [Public.com](#), and [Stash](#). In addition, fellow trading apps that have similarly experienced record growth in the past year are planning their own IPOs, such as [Robinhood](#) and crypto exchange [Coinbase](#). Others will likely monitor eToro's SPAC transaction closely to see how it fares on the NASDAQ later this year before considering going public themselves.

eToro Global Users

millions



Source: eToro website, Business Insider, December 2020

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