

➤ The Investment Perspective – January 2025



“Wealth is not primarily determined by investment performance, but by investor behaviour.”

-Nick Murray

Peter Flannery CFP FA

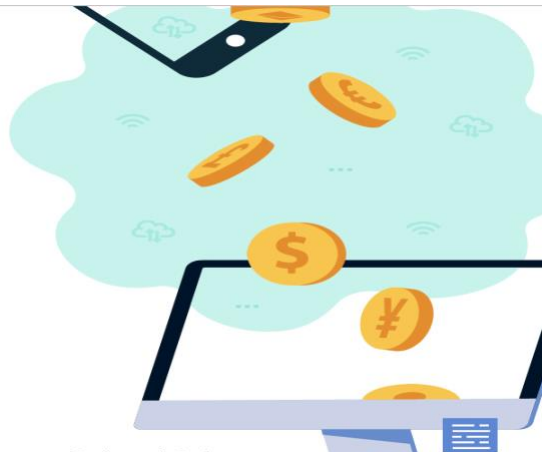
...and the times, they-are-a changin ...

Digital Wallets

The Future of Global Payments

Globally, cash and cards no longer make up the lion's share of retail transactions.

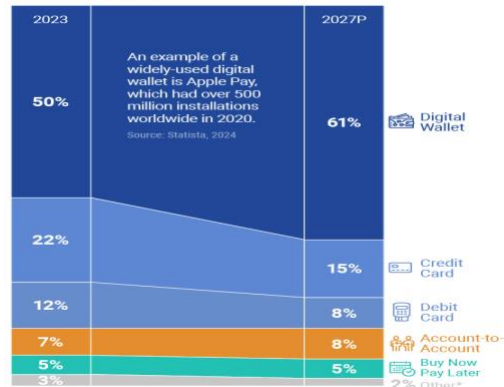
Today, fueled by innovation in financial technology, digital wallets have become the top choice for online and in-store shopping.



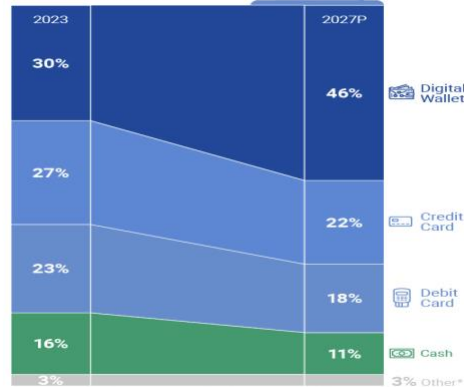
Top Global Payment Methods

% Total of Transactional Value

eCommerce



Point of Sale



P = Projected
*Other payment methods include Cash on Delivery, PrePay, POS Financing, PrePaid Cards, and more.

Disclaimer: Due to rounding, figures may not add up to 100%. Source: Worldpay, 2024

The infographic above shows the changes taking place in how we pay for goods and services.

Just like AI, 'change' is something that some embrace, and others resist. AI developments and change will continue, regardless.

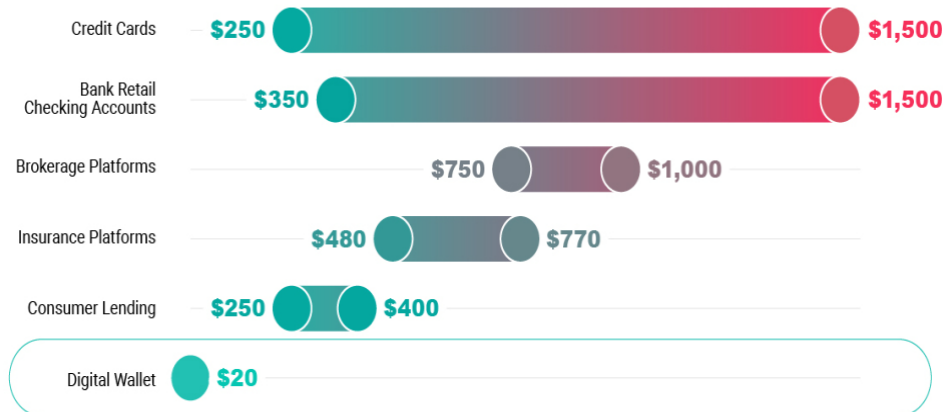
The way we pay for goods and services can be a function of habit but keep in mind, the 'non-baby boomer cohort' may not have formed 'non-negotiable' habits and indeed, are quite happy using new technology.

Not always, but often it is simpler and easier – remember thumbing through the Yellow Pages?! Thank goodness for GOOGLE (and other emerging large language models that offer enhanced searching capability for you and me).

What Drives Digital Wallet Use?

For companies developing digital wallets, low customer acquisition costs compared to other financial products have been essential to their growth.

Customer Acquisition Costs for Financial Products (Average Cost Range)



Source: ARK Investment Management LLC, 2020

The image above shows the estimated cost of customer acquisition.

It's not always this simple, but, change can be pushed along by corporate profit-driven necessity and /or consumer demand. The two combined represent an almost unstoppable force – change.

Yes, but where is our opportunity?

I mentioned the cybersecurity option in [The January 2025 Market and Economic Update](#).

Fortinet was a good example last year of a quality business in a growing sector and out of favour with the market. That meant favourable pricing.

There are lots of options generally, but quality options are much less widely available. More rare still are quality options at favourable trading prices after the strong run-up over 2024. The temptation for many is simply to invest with the crowd (what could possibly go wrong!), sometimes paying too much, which subsequently can work against the investing objective – growth.

Here is another option. Clients in Germany invested in a US business in 2024 that specialises in cooling computer chips (a bit like the picks and shovels of gold mining – the people selling picks and shovels to gold miners, sometimes made more money than the gold miners). Computer chips can use a lot of energy. Keeping CPUs cool consumes around 30%-40% of that energy and translates to around 30% of operating costs.

The need for more and more data processing power is rising by the day, as large language models create greater and greater demand.

Most data centres use air-cooled systems to manage the heat that is created by large racks of CPUs that carry out intense processing (e.g. large language models like Chat GPT).

This business has developed a water-cooling system that is more effective than widely used air-cooled systems (currently the main approach for cooling). This means higher levels of processing and lower costs for large companies such as Nvidia, Amazon, Microsoft and many others you will know, as they scale up. Nvidia's new Blackwell chips will need more efficient cooling if the companies that use these new chips want to run them at peak performance.

We are still analyzing this business and looking at the sustainability of the business model in the future. The trading price is expensive but future growth looks promising. I will keep you posted.

“Investing should be more like watching paint dry or watching grass grow. If you want excitement, take \$800 and go to Las Vegas.”

-Paul Samuelson

©1987 – present WISEplanning. All Rights Reserved. The integral concepts are part of The Money M – A – T – R – I – X and Wise Asset Management and cannot be used without the written permission of WISEplanning. If you would like further information about The Money M – A – T – R – I – X programme and other services and products, please telephone 03 375 7001, fax 03 386 0686 or email admin@wiseplanning.co.nz
Attention: Any form of reproduction, or further dissemination of this content is strictly prohibited. The views and opinions expressed are those of the author, and are not necessarily those of WISEplanning, and are not intended to be a personalised service for an individual retail client. The views and opinions are general in nature, and may not be relevant to an individual's circumstances. Before making any investment, insurance or other financial decisions, you should consult a professional financial adviser for personalised advice.
Any calculated projections or any predictions given by me to you are not guaranteed and are merely an expression of opinion and are intended for illustration purposes only.
Product performance can vary over time. The payment of a particular rate of return and the repayment of your capital is not guaranteed by myself, the company or any of its officers. Historical information and performance may not necessarily be a good guide to future performance.
While every care has been taken to supply accurate information, errors and omissions may occur. Accordingly, WISEplanning accepts no responsibility for any loss caused as a result of any person relying on the information supplied.
Any mention of Warren Buffett or other successful investors is not intended to mislead anyone to think that WISEplanning or clients of WISEplanning will be as successful as Warren Buffet and other successful investors.
[Click here to view our Disclosure](#)

[Click here](#) to view and then click the download button.