



Can Scotiabank Grow Tangerine?

Description

Just over a year ago, **Scotiabank** ([TSX:BNS](#))([NYSE:BNS](#)) purchased “virtual bank” ING Direct Canada from Amsterdam-based ING Groep NV. The deal came in at \$3.1 billion and gave Scotiabank 1.9 million more clients and \$30 billion worth of deposits.

Part of the deal was the ability for Scotiabank to rebrand the company, setting it apart from its Dutch roots and commercials urging you to “save your money”.

Is Tangerine the new red?

While the red-clad Scotiabank will maintain ING’s core business of high interest savings and checking accounts, it will relaunch it under a new banner set to be unveiled next month. Out with the orange and in with the “Tangerine”.

Executives believe this will be a seamless way to reinvent the company without alienating its current client base. ING Direct Canada chief executive Peter Aceto said, “Yes, it’s different. Yes, it’s distinctive. But that’s what we are, what we continue to be. I think people will get it and appreciate it. They connect us with orange.”

The main difference clients will notice is the ability to use Scotiabank ABMs for free. Tangerine will also begin to offer credit card services and potentially wealth management services.

Other services such as Scotiabank mutual funds will not be offered as they currently have their own in house funds with \$1 billion of assets under management. This is one of several examples of Tangerine opting to keep its current operations and culture intact. Another example would be the 1.35% interest rate offered on savings accounts, compared to the 0.2% offered by a Scotiabank’s Money Master Savings account.

A branch of Tangerine that is changing is its mortgage operations, which currently hold \$25.7 billion in loans. Back in October, Scotiabank earmarked \$20.7 billion in mortgages to be sold off.

Foolish bottom line

When Scotiabank bought ING Direct it forecast that the current 1.9 million clients would grow to 3 million within three years. And it is well on its way to meeting those targets, adding 85,000 customers and \$1.5 billion in deposits in the last year.

ING Direct Canada chief executive Peter Aceto has assured clients that, "Savings is a cornerstone of our business, it always has been, and we want to help facilitate Canadians saving more". If Scotiabank can shepherd Tangerine properly it has the potential to keep growing at a steady pace.

CATEGORY

1. Investing

TICKERS GLOBAL

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)

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