



## What's Next for Bank of Nova Scotia?

### Description

As **Bank of Nova Scotia's** ([TSX: BNS](#))([NYSE: BNS](#)) shareholders gathered in Kelowna, BC, they were anxious to hear from Brian Porter, who took over as CEO nearly six months ago. What would his vision be for the company?

As it turns out, Mr. Porter does not believe that any drastic changes are necessary, claiming "we've got the big picture right." But he did announce some interesting tweaks that hopefully will be good for the bank in the years ahead. Below are the three highlights.

#### A greater focus on Latin America

Bank of Nova Scotia is well-known as Canada's most international bank – the company has a significant presence in Latin America, the Caribbean, and Asia. The bank's international focus is something Mr. Porter is very familiar with; before becoming CEO, he headed the international banking operations.

At the annual general meeting, Mr. Porter said that Bank of Nova Scotia will be focusing more on Latin America. This makes sense. Caribbean banking has been a struggle for all the Canadian banks in the region (**RBC** and **CIBC** also have a presence in the Caribbean). And Bank of Nova Scotia is not as well established in Asia.

Meanwhile, most Latin American countries such as Colombia, Peru, and Chile are growing quickly and in need of more banking services. This will provide a great tailwind, and help the bank grow its earnings.

#### Wealth management and credit cards

Back home, the bank plans to focus on two businesses that are in general very profitable: wealth management and credit cards. This will be a challenge; these are also extremely competitive businesses, and picking up market share can be very challenging without acquisitions.

On that note, one thing to keep an eye on is **Canadian Tire's** ([TSX: CTC.A](#)) credit card division. The

retailer announced last year that it wants to find a bank partner for its credit card receivables, and Bank of Nova Scotia has been rumoured to be an interested suitor.

### **A long-term focus**

Mr. Porter made a fairly obvious point that “real and lasting shareholder value” cannot be created in a single quarter. But he also said he isn’t sure if it can happen in only a year. And for that reason, Bank of Nova Scotia has introduced “medium-term” check-ups, to replace annual targets.

This is an interesting development, and likely a positive one for Bank of Nova Scotia’s shareholders. It will give Mr. Porter more freedom to pursue longer-term goals, even if it depresses short-term numbers. Banking is a business that often requires heavy upfront investment to grow efficiently, and if Mr. Porter has the freedom to do so, then shareholders will likely be better off – assuming they have enough patience.

### **Foolish bottom line**

The annual general meeting should be encouraging to the bank’s investors, who haven’t had the best run over the past year. The company’s exposure to emerging markets has led to a lagging share price in recent months.

But with a new CEO, a clear vision, and a depressed stock price, the future looks a lot brighter for the bank’s shareholders.

### **CATEGORY**

1. Investing

### **TICKERS GLOBAL**

1. NYSE:BNS (The Bank of Nova Scotia)
2. TSX:BNS (Bank Of Nova Scotia)
3. TSX:CTC.A (Canadian Tire Corporation, Limited)

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