Canadian Imperial Bank of Commerce Gives Peers a Beat-Down

Description

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) didn't literally give its peers a beat-down, mind you. After all, we are talking about bankers.

However, the results from the 2017 Surviscor Canadian Mobile Banking Review are in; CIBC has been named the number one Canadian bank when it comes to providing customers with an exceptional mobile banking experience.

"Mobile services have come a long way in the last year which was great to see. Mobile offerings are getting closer to an equal experience with the traditional online experience that is core to the mobile interaction" said Surviscor president Glenn LaCoste in the release. "We are excited to increase the amount of firms in this review to better serve Canadian choices. We are surprised to see some smaller firms in the top 10 and would like to congratulate CIBC for its win in this ultra-competitive industry."

CIBC took a big leap forward in this year's rankings, the fourth year Surviscor's been doing the annual report, jumping from fifth place in 2015 all the way up to numero uno. Last year's winner, Tangerine, a part of **Bank of Nova Scotia**, finished fourth, one spot behind its parent, who's finished in the top three in all four years.

I've been a big fan of CIBC stock for some time, despite the fact many investors favour its four larger competitors.

The win is good news for CIBC because it didn't do nearly as well when it came to Surviscor's 12th annual Surviscor Canadian Banking Service Level assessment, the results of which were released in early February. In that examination of the online banking customer-service experience, CIBC came 21st out of 26 banks with **Bank of Montreal** taking the top spot.

In a little bit of karma, BMO finished 15th in this year's version of the online banking review, suggesting one shouldn't take these kind of rankings too seriously because they're obviously constantly changing.

I can assure you, however, that CIBC CEO Victor Dodig takes all of these results very seriously andwill continue to address any of the bank's weaknesses.

Speaking of which, CIBC announced March 30 that it had upped its bid for **PrivateBancorp Inc.** (NASDAQ:PVTB) by 20% to US$4.9 billion. Investors knew this was a likely outcome given PrivateBancorp's stock had been trading around $35 before the deal's announcement last June, rising to $56 last week in March 29 trading.

If CIBC didn't make the move, it would be looking at starting the M&A process all over again.

In the days since Dodig upped the price the bank was willing to pay for a big piece of the Chicago high-net-worth market, many investors have come out against the CEO's willingness to meet the higher price, suggesting the bank is seriously overpaying.

As Warren Buffett is known to say, "Price is what you pay; value is what you get."

I believe CIBC is getting real value in PrivateBancorp, despite having to pay 20% more. CIBC needed a stronger U.S. presence. Should the deal go through, which is likely, it'll get one. The deal won't be accretive to earnings until 2020, so Dodig's got his hands full in the next three years to prove to shareholders it was the right call.

Long term, I don't think anything's changed. I still see CIBC as the Canadian bank stock to own in 2017 and beyond.

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Date
2025/08/25
Date Created
2017/04/04
Author
washworth