2 Banks With Very Different Investment Strategies

Description

It never ceases to surprise me how similar Canada's big banks are. In nearly every respect, from their corporate offices on Bay Street to when quarterly results are issued, the big banks often seem to be operated as different brands of the same company rather than different companies altogether.

At least on first glance that would seem the case. Two of those big banks have very different expansion goals, and both are lucrative investment opportunities for investors.

Bank of Nova Scotia: the international bank

Bank of Nova Scotia (TSX:BNS)(NYSE:BNS) is not the largest of the big banks, but it does carry the title of being the most international of all the banks, thanks largely in part to the continued investment in countries that are members of the Pacific Alliance.

The Pacific Alliance is an agreement that binds Chile, Columbia, Mexico, and Peru together. The main goal of the alliance is to foster closer ties between member nations and eliminate trade barriers and visa requirements for member states. Trade barriers are on track to be removed entirely by 2020.

Bank of Nova Scotia's involvement in the Alliance is nothing short of pure genius. The bank has invested heavily in the member states over the years, establishing a growing presence that has translated into a common element for businesses in member states to use, which has resulted in significant growth for the bank.

In the most recent quarter, growth from Bank of Nova Scotia's international segment realized an 18% year-over-year improvement, coming in at $576 million.

With 47 other countries currently labeled as having "observer" status within the alliance, there's plenty of potential for Bank of Nova Scotia to continue leveraging that growth should any of those other nations choose to become full members of the bloc. Costa Rica and Panama are already in negotiations to become full members.

Bank of Montreal: the commercial lender

Bank of Montreal (TSX:BMO)(NYSE:BMO) has branched in another direction that is proving to be just as lucrative in terms of potential. While Bank of Montreal is traditionally seen as the strong dividend option among the banks, its investment into the commercial lending sector is where an intriguing opportunity is emerging.

Two years ago, Bank of Montreal purchased the transportation financing arm of **General Electric Company.** At first glance, this may seem like a routine acquisition and potential revenue source for Bank of Montreal, but this acquisition has become so much more.

That transportation arm is one of the largest lenders in the commercial trucking sector across the U.S. and Canada. In terms of market share, that financing arm is responsible for upwards of 20% of all trucks on the road.

Think about that revenue potential of that deal over the course of several years for a moment.

If that were the only deal that Bank of Montreal did, it would still be impressive. But the bank has also moved forward on the investment side, acquiring Greene Holcomb Fisher, an advisory firm with a team of investment bankers that has completed over 100 deals in the past five years.

In addition to all of this, Bank of Montreal remains a favourite among dividend investors. The bank holds the honour of paying dividends to shareholders for well over a century.

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