

## Time to Get Behind the Bank of Weed's Growth

### Description

I'd be hard-pressed to think of a more old-fashioned province than Ontario, where the word "control" is still very much a part of the provincial government's nomenclature.

Let's face it. Ontario is a nanny state where the government knows best. It's not surprising in this type of environment that only two of the major banks based in Toronto are willing to be the Bank of Weed.

### The Naysayers

No, I'm not talking about **Bank of Nova Scotia** ([TSX:BNS](#))([NYSE:BNS](#)), which is too busy spending \$800 million of shareholder money to sponsor a hockey and basketball arena to care about lending to a blossoming industry.

"Should there be significant change to industry legislation or regulation, we will revisit our risk assessment and make risk-policy adjustments if warranted," said BNS spokesman Rick Roth.

Somebody might want to get the folks down at BNS to open a newspaper, because come July 1, 2018, pot will be legal everywhere in Canada. That would seem to me to be a significant change. But hey, BNS would rather be the Bank of Hockey than the Bank of Weed.

The door's also closed over at the **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)); these days, RBC is better known for eliminating jobs than making smart lending decisions.

"RBC currently does not provide banking services to companies engaged in the production and distribution of marijuana," spokesman AJ Goodman said. "We recognize that the legislative landscape is evolving and we are undergoing a review of our policies."

Good to know.

Just don't expect **Canopy Growth Corp.** ([TSX:WEED](#)) to go crawling back to RBC, hat in hand. For those who don't recall, Canopy's banking services were cut off by RBC in 2015. It happily moved over to Alterna Savings, an Ottawa-based credit union, whose CEO has a more enlightened view of the marijuana industry.

"This is a legal, legitimate business and therefore it should be able to be provided the appropriate banking services," Alterna CEO Rob Paterson said in a phone interview with the *Globe and Mail*. "The licensed producers are very sophisticated and structured, so they're easy to actually do business with."

### The big-picture thinkers

How is that RBC and BNS can amass \$2 trillion in assets, yet nobody at either company is bright enough to understand the opportunity before them? The lack of big-picture thinking is astonishing.

However, ye, of little faith, both **Toronto Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) and **Bank of Montreal** ([TSX:BMO](#))([NYSE:BMO](#)) are open for business when it comes to benefiting from Canadian marijuana-related companies and their ongoing growth.

According to the *Globe and Mail*, BMO has banking relationships with at least a dozen companies, including **Aphria Inc.** (TSX:APH), which, in my [opinion](#), is one of the better run medical marijuana producers in this country — not to mention one of the only profitable ones.

TD, like Alterna, views the current 60 or so medical marijuana producers in this country as operating within a legalized industry. Working with approximately nine producers, it assesses each company on a case-by-case basis.

“Different lenders have been quicker than others to move into this industry, but this is understandable as public perceptions are still evolving,” Basem Hanna, CEO of Mississauga-based TerrAscend Corp. told the *Globe and Mail* by e-mail. “There could be a significant first-mover advantage to the financial institutions that are getting involved with the legal cannabis industry already.”

So, if you own either TD or BMO, you can take comfort that the powers that be at these two banks understand the size and significance of the Canadian marijuana industry. That moves them up a few notches in my books.

### What about CIBC?

My [favourite bank stock](#) is **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)), because it's the cheapest of the Big Five, yields the most, and has a CEO who's not afraid to shake things up a little.

Unfortunately, I've not been able to ascertain its relationship with the marijuana industry. Should I find out that it has the same old-school view of marijuana as RBC and BNS, it won't remain my favourite for very long.

This business is vital to Canada's economy and should be supported by all of the major banks, not just the ones interested in growth.

### CATEGORY

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2. NYSE:BNS (The Bank of Nova Scotia)
3. NYSE:CM (Canadian Imperial Bank of Commerce)
4. NYSE:RY (Royal Bank of Canada)
5. NYSE:TD (The Toronto-Dominion Bank)

6. TSX:BMO (Bank Of Montreal)
7. TSX:BNS (Bank Of Nova Scotia)
8. TSX:CM (Canadian Imperial Bank of Commerce)
9. TSX:RY (Royal Bank of Canada)
10. TSX:TD (The Toronto-Dominion Bank)
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