



It's Time to Buy This Canadian Bank That's Doubled Down on AI

Description

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is arguably the most premier Canadian bank because of its solid presence in the U.S., which I believe will serve as a major tailwind in the near future. As a Canadian investor, you'll want exposure to the U.S. financials, but with TD Bank, you really don't need to swap your loonies for greenbacks to this exposure. Considering TD Bank's wonderful (and less volatile) retail banking business, [it's clear](#) why TD Bank has typically commanded a much higher premium over its peers in the Big Five.

Fast forward to today, and TD Bank is a likely candidate to be the most future-proof bank as we head further into the digital age. As I've emphasized in many prior pieces, technological change is going to hit every industry, not just the tech sector. Typical lower-tech industries are going to need to adapt to this tectonic shift towards advancements in technology, or they're going to get left behind. TD Bank knows this, and that's why they've decided to buy a startup called Layer 6 AI, a firm which plans to build a global artificial intelligence (AI) ecosystem right here on home soil!

Where are banks heading over the next decade and beyond?

If you're a frequent user of online banking and the complementing trading platform, then I'm sure you've noticed ample upgrades over the last few years. This is just the beginning. Banks are investing heavily in user experience (UX) and AI to enhance online customers' experience over the long haul.

Not only could AI protect and provide better services or recommendations to particular customers based on their situation, but TD Bank could also use such AI services to better recommend "additional services" without having a front-line teller force it down customers' throats. That means an investment in AI will prevent further controversial practices from happening again, while providing the most additional services to all customers without annoying them with spam.

Layer 6 is AI which analyzes tonnes of data to understand individual customers to be able to anticipate their needs and recommend products which suit those needs.

Bottom line

This isn't TD Bank's first splash into AI and tech, but this recent US\$100 million bet is a huge sign that the bank is serious about becoming Canada's most technologically advanced bank — yet another huge reason why TD Bank [deserves a premium](#) over its peers. I'd buy TD Bank today and on any further dips since it looks like the bank is doing absolutely everything right to maximize long-term shareholder value.

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