



Where Investors Can Find the Best Dividend-Paying Bank

Description

For investors who demand only the biggest and best stocks for their investment accounts, the Canadian banks have, without a doubt, been some of the best investments available over the past decade. Almost 10 years after the Great Recession, however, a little caution may be best for investors, as the dividend yields have, in many cases, declined amid higher share prices.

Traditionally, the biggest bank in the country, **Royal Bank of Canada** ([TSX:RY](#))([NYSE:RY](#)), carries a market capitalization of \$145 billion and [continues](#) to edge out the smaller **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)). Green with envy, the second-place holder has made a substantial number of acquisitions over the past five years in an effort to become comparable in size.

For investors who want to pick one name only, one of the biggest differences between these two names is the geographic locations of their revenues. For those who want to stay closer to home, shares of Royal Bank will be the best bet, as the bank remains substantially more Canadian than most. Toronto-Dominion Bank has made huge strides to become the first truly North American Bank with branches located in all provinces and across the United States.

The caveat with these two juggernauts is that investors will have to remain patient to see their accounts increase in value. With such large market capitalizations, the dividend yields have become no better than 3.5% for Toronto-Dominion and 3.75% for Royal Bank.

On the smaller end of the scale, many may want to consider investing in shares of **Canadian Imperial Bank of Commerce** ([TSX:CM](#))([NYSE:CM](#)), which currently offers a dividend yield of more than 4.5%, as the company continues to diversify away from traditional banking. After completing a wealth management acquisition south of the border, the company saw many skeptical investors sell out of their holdings, as the acquisition was not well received.

Since then, the U.S. equity markets have performed extremely well, and revenues have continued to increase alongside the bottom line. With the willingness to spend more money on share buybacks (proportionately to the amount of profit) Canadian Imperial Bank of Commerce may again resume its upward momentum once the integration of the latest acquisition becomes complete. In many cases,

the value of a major acquisition can take up to two years to realize.

To make the situation even more interesting, younger consumers are considering the technological aspect of banking when they select a new provider. Canadian Imperial Bank of Commerce has been a [leader](#) in many new smart phone applications and the functions that can be completed when utilizing this technology.

With so many fantastic names to choose from, investors need to find the right fit for their portfolios for the long term. Only time will tell which name will perform best over the next decade.

CATEGORY

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TICKERS GLOBAL

1. NYSE:CM (Canadian Imperial Bank of Commerce)
2. NYSE:RY (Royal Bank of Canada)
3. NYSE:TD (The Toronto-Dominion Bank)
4. TSX:CM (Canadian Imperial Bank of Commerce)
5. TSX:RY (Royal Bank of Canada)
6. TSX:TD (The Toronto-Dominion Bank)

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