



Big Tech vs. Canadian Banks: Who Will Win?

Description

There's something that keeps Canadian banking executives up at night that many agree could threaten their very existence. It's not the bubbly real estate market that is showing signs of strain, the lagging energy sector that is just recovering, or Donald Trump's tweets. It is Big Tech. Technology companies such as **Apple**, **Alphabet** (Google), and **Amazon** are among the most admired and trusted in the world. Banks, however, have greatly eroded public trust since the financial crises in 2008.

Canadian banks have already began collaborating with large tech companies, offering services linked to their technology, such as the Apple Pay mobile wallet. This can prove to be risky for the banks, as it introduces the idea that tech companies can provide financial services, too. If one of those tech companies were to start offering financial services, it would pose a huge threat to these banks. So, which of the Canadian banks are most set up to not be left behind by [Big Tech](#)?

There have been a lot of strides in Canadian Fintech in the past few years. **Toronto-Dominion Bank** acquired artificial intelligence startup Layer 6 AI earlier this year. **Bank of Nova Scotia** started an incubator called Digital Factory, which is dedicated to finding solutions for digital banking experiences. **Bank of Montreal** launched SmartFolio, whose tagline is "Smart Digital Investing for all Canadians."

One of the banks stand above the rest, and it is the [Royal Bank of Canada](#) (TSX:RY)(NYSE:RY).

Royal Bank of Canada CEO Dave McKay has been stating since early 2015 that technology is key to the bank's survival in the future. *Bloomberg* has reported the Royal Bank of Canada scored the highest overall ranking in areas such as its willingness to tackle Fintech issues.

Royal Bank of Canada also received the highest ranking in Canada for the categories of acquiring expertise, funding external research, establishing a research organization, and focusing on artificial intelligence and Big Data. The bank recently opened an Application Program Interface developer portal, which will attract software engineers to work on developing Fintech products for the RBC platform.

As Wayne Gretzky once famously said, "skate to where the puck is going, not where it has been." Royal Bank of Canada seems to embody this for its approach on technology, which is why it's my stock

pick for a long-term buy and hold strategy.

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