

# Here's Why Toronto-Dominion Bank's (TSX:TD) Latest Sales Push Will Benefit TD Stock

## Description

The push to digitize financial services is everywhere.

Younger Canadians love the ease and convenience of digital banking; Canada's Big Six are acutely aware of this with each delivering their version of digital-banking to win customers over.

Who will win the digital wars? It's still very early in the game.

That said, **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) has made digital banking an important objective as part of its effort to grow sales. If it's able to come anywhere close to its three-year targets, you can be sure it will benefit the top and bottom line, which is excellent news for TD shareholders.

## Self-serve banking costs less

TD held a media event October 10, highlighting some of the new technology it is introducing to fully digitize the sales process at the bank, including a revised mobile banking app that delivers information to users catering to their interests.

There's no doubt that artificial intelligence (AI) has become a vital part of the digitization process. In January, TD acquired Layer 6, a Toronto-based artificial intelligence company that delivers personalized experiences for the financial services industry.

"Layer 6 adds new capabilities to TD's growing base of innovation talent and know-how," Michael Rhodes, TD's Group Head of Innovation, Technology, and Shared Services, said at the time. "Artificial Intelligence has the potential to power a new generation of data-driven applications from personalized and real-time advice to predictive analytics that will shape the future of banking for millions of individuals."

## The stakes are significant

TD has 12 million digital customers including 7.5 million mobile clients. From a banking perspective, TD aims to carry out 90% of its financial transactions digitally or through ATMs, thus avoiding the need for a massive army of branch employees.

"Today in Canada we have 81 per cent of financial transactions done on a self-serve basis, which is digital and ATM," Rizwan Khalfan, chief digital and payments officer at TD, said in an interview. "We're targeting 90 per cent."

That's the transaction side of the ledger. On the sales side, it wants digital to play a more significant part in the revenue-generating process. Currently, digital channels in Canada and the U.S. account for 10% and 21%, respectively, of overall sales.

Its goal is to see both countries hit 30% overall on the sale of credit cards, mortgages, checking accounts and mutual funds.

### **That's a big "ask"**

As someone who uses TD for some of my banking, I believe they currently fall well short of satisfying my particular needs. The further it pushes into digital, the more customers could potentially be disappointed by both the lack of a personal touch and by problems caused in their accounts as a result of computer errors.

It's one thing when you can quickly get ahold of someone to correct the errors, but when it's all done online, it sometimes requires a bit of a search to get someone to fix the problem.

I'm not suggesting that this is something unique to TD. Indeed, all of the big banks are experiencing the same problems as they navigate digital banking.

Long-term, however, the push to reduce the cost of providing its banking services by going digital will pay dividends, especially south of the border, where Americans seem more enthusiastic about adapting to new technology than Canadians.

With a significant presence along the U.S. east coast, TD's [American banking operations](#) should continue to deliver outstanding revenue and income growth.

Add to this a total [revamp](#) of TD's WebBroker platform, which will include a robo-advisory service utilizing low-cost ETFs, and it's easy to see how technology will help drive its stock higher in the months and years ahead.

It's not my [favourite](#) bank stock, but it's a good one that's likely to get better thanks to its digital push.

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**Date**

2025/08/18

**Date Created**

2018/10/16

**Author**

washworth

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