Shopping for a Bank to Invest in? Consider This Incredible Opportunity Now!

Description

Canada is blessed with a number of superb investment options, and chief among those are the big banks. In the years following the Great Recession, the banks, which fared much better than their cross-border peers during the downturn, began to acquire large swaths of the market through a series of well-timed and -executed acquisitions.

Canadian Imperial Bank of Commerce (TSX:CM)(NYSE:CM) is one bank that has remained quiet on the acquisition front, apart from its well-publicized acquisition of PrivateBancorp last year.

But what does that mean for investors, and would they consider CIBC over its peers that already have a more established footprint internationally? Here are several reasons to consider it.

CIBC's expansion is the beginning of something special

When CIBC announced the acquisition of PrivateBancorp, investors that were critical over CIBC's exposure to the mortgage market in Canada breathed a sigh of relief. CIBC missed the run on distressed U.S. banks that its peers looked towards in the years following the Great Recession.

This acquisition had a role in setting up the bank as an undervalued, raw gem with loads of potential, and following its entry into the U.S. market, CIBC's most recent results showcased what is only the tip of the iceberg in terms of potential.

By way of example, in that most recent quarter, CIBC saw revenues from the U.S. segment shoot up by 295% over the same period last year.

CIBC's dividend looks very appetizing right now

Despite the massive opportunity stemming from CIBC's venture into the U.S. market, the stockremains surprisingly discounted, registering just shy of 3% growth in the past year. This has left CIBCwith an increasingly appetizing dividend with a yield of 4.70%, which, when considering theconsecutive, annual, or better increments to the dividend over the past years, presents a compellingcase for income-seeking investors as well.

CIBC is investing for the future

An emerging trend among banks is to reduce face-to-face interaction with clients, and instead divert customers to existing online solutions and tools to resolve any questions and issues.

In the case of CIBC, the bank recently noted that an incredible 87% of all transactions are now done online, and that figure is only going to accelerate in the years ahead. While some of the big banks, and, by extension, their investors, may view that as inferring that there will be branch closures in the years ahead, CIBC has taken a different route.

Instead, CIBC is retooling many of its branches to offer more advisory services, while offloading, or rather empowering customers to perform other services, such as locking and requesting new cards themselves while online. As more of those services get pushed to customers, the bank can redirect resources to other emerging areas, such as the emerging number of Fintech companies and digital currencies.

Should you invest?

Normally, Canada's big banks would make great investments, owing to their more stable and regulated model when compared to their peers in the U.S. In the case of CIBC, however, the potential for long-term growth is significantly more, owing to its expansion into the U.S. as well as its strong base at home. Throw in an environment of rising interest rates, a growing dividend, and the potential for further acquisitions, and you have a very compelling investment opportunity that is hard to pass on.

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