



Why Toronto-Dominion Bank (TSX:TD) Is 1 Stock You Can Own Forever

Description

Although disruptive tech has made it harder to hold shares of any company for over a decade at a time, certain companies may still be considered as “forever” firms that can withstand the test of time.

Companies with management teams who truly understand the disruptive potential of tech that has been proactively taking steps to combat such potential disruption that may be deemed as “far-fetched” at the time are the types of businesses you’ll want to own if you’re like Buffett and your favourite holding period is forever.

Believe it or not, most of the businesses you’re familiar with today may not be around in 50 years from now. Some will go under, others will be scooped up, and others will fade into the background as competitors step in. With that in mind, it’s critical to invest in a company that has staying power with a robust enough moat to keep out attackers that’ll inevitably try to break through.

In the financial industry, fintech has been a buzz word of late, and with several articles noting that up-and-comers are a serious threat to the big banks, many investors may be wondering if today’s banks, which are over a century old, will make it to through the next century.

As fintech continues to pick up traction, the banks of yesterday are at serious risk of losing share across various businesses. Robo-advisors, decentralized currencies, and digital payments are going to eat into the “safe” revenue streams that were once fully controlled by big banks.

In short, the big banks are slated to lose their power at the hands of small competitive forces for the first time.

The big banks used to be the only ones calling the shots, but now that the industry is shaking up with up-and-coming tech firms, the banks are going to need to prepare defences if they’re going to retain their market share and high margins.

Toronto-Dominion Bank ([TSX:TD](#))([NYSE:TD](#)) is one Canadian bank that isn’t willing to wait around to see what happens as its potential disruptors pick up traction. While TD Bank’s margins could take a hit as the competitive landscape changes, the bank has been investing a considerable amount of money

and effort into seemingly far-fetched high-tech projects.

Such projects may not be of the high ROE variety over the near-term, but they do have tremendous value-added benefits that could help TD Bank retain its customers as up-and-coming fintech disruptors move into the market.

TD Bank is playing on the turf of its disruptors, and with its deep pockets, the bank has the ability to “beat and raise” any small up-and-comer that could be deemed as a realistic threat to any of TD Bank’s businesses. The rise of robo-advisors is seen as a big threat to the wealth management businesses of the Big Banks. In response, the Big Banks like TD Bank have been throwing cash at value-added services like AI-driven assistant [Clari](#) and a beefed-up [WebBroker](#) platform to provide its customers with a higher quality of service made possible through tech.

As new tech products are rolled out over the next decade, TD Bank, which will likely have made billions of dollars worth of fintech investments, will be seen as more of a tech play as the bank changes with the times. With several intriguing fintech acquisitions and licensing deals on the books, it’s not too far-fetched to think that TD Bank could eventually evolve into a growthier version of itself as it leverages tech to drive down expenses while boosting margins and customer retention rates.

The future is now, and TD Bank, I believe, is head and shoulders above the competition when it comes to tech investments.

So, if you’re at all worried about the significant changes that the banking scene will experience over the next decade and beyond, you can sleep comfortably with TD Bank knowing that it’s slowly, but surely turning into the futuristic bank that the Jetsons would have used.

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