



Why This Company Could Pose a Threat to Big Bank Stocks

Description

Big banks like **Toronto-Dominion Bank** ([TSX:TD](#))([NYSE:TD](#)) have strong market share in the country, as there's little in the way of real competition and alternatives for consumers to choose from. When it comes to holding someone's money, consumers want a strong name behind it that they can trust.

While there have been online banks that have popped up that have provided some choice, it still hasn't made a dent in TD's [results](#), as the bank stock continues to show strong growth.

That could change, however, as there's a company that looks to shake things up. Backed by significant financial resources and a market cap that's similar to that of **CIBC**, **Manulife Financial Corp.** ([TSX:MFC](#))([NYSE:MFC](#)) announced on Monday that it would be offering Canadian consumers an "All-in Banking Package."

Manulife is offering consumers an attractive option for unlimited daily banking that at \$10 per month is competitive with the big banks and could be waived if consumers save \$100 in a given month. It's a great way to reinforce the importance of saving and help encourage customers to set aside money every month.

Company CEO Rick Lunny believes that simplicity is the key, which is why Manulife gives investors an appealing option: "There is frustration with lack of transparency, high fees and minimum balances. Customers are demanding clarity, simplicity and value from their bank that goes beyond just a simple chequing or savings account. That's what we deliver with the Manulife All-in Banking Package."

Another way the company plans to lure investors away from the Big Banks is through the offer of a one-year subscription to **Amazon Prime**. While Manulife has offered banking services in the past, by being more aggressive and targeting younger consumers that don't want to pay a lot of money for financial services, it could pose a big threat to TD and other big banks.

A company with significant resources like Manulife can be a thorn in the side of TD's as it can add significant competition to the industry where other, smaller players have failed to do so. Even if TD is able to maintain its strong market share, it may ultimately have to offer a more competitive product to do so, which in turn could have a negative impact on its bottom line.

There are already [concerns](#) that Amazon could get involved and offer financial services to customers, disrupting the banking industry in the coming years. While banks like TD have enjoyed their positions atop the industry without much fear of being overtaken, that could change not only with more options for banking, but especially as we witness a shift in demographics, with Millennials being a more critical group for the industry to target moving forward.

Bottom line

Manulife and Amazon are two big companies that could rattle the industry and change how it looks in the near future. While TD is still going to be a dominant player and leader in the industry, the gap it has over its competitors could begin to shrink.

CATEGORY

1. Bank Stocks
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TICKERS GLOBAL

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3. NYSE:TD (The Toronto-Dominion Bank)
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